Austria	Sch. 22	Indonesia	Rp 3100	Portugal	Esc 100
Bahrain	Din 0.650	Israel	NS 3.50	S. Arabia	Rls 6.00
Belgium	BFr 48	Italy	L 1600	Singapore	S$ 4.10
Canada	C$1.00	Japan	Y600	Spain	Pts 125
Cyprus	C£0.75	Jordan	Fils 500	Sri Lanka	Rup 30
Denmark	DKr 8.00	Kuwait	Fils 500	Sweden	Skr 8.00
Egypt	E£2.25	Lebanon	£L 50.00	Switzerland	SFr 2.20
Finland	Fmk 7.00	Luxembourg	LFr 48	Taiwan	NT $65
France	FFr. 6.50	Malaysia	Rm 4.75	Thailand	Bht 50
Germany	DM 2.20	Mexico	Pes. 300	Tunisia	Din 0.800
Greece	Dr 100	Morocco	Dh 6.00	Turkey	L 500
Hong Kong	HK$ 12	Netherlands	Fl 3.00	U.A.E.	Dh 6.50
India	Rup. 15	Norway	Nkr. 7.00	U.S.A.	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,261 Wednesday June 17 1987 D 8523 A

Sweden's ultra-clean image takes a knock, Page 2

World news — Business summary

'Smoking gun' denial issued by Reagan

President Reagan – in one of his strongest denials of involvement in the secret diversion of funds to Nicaraguan "Contra" rebels – said there was no evidence that would warrant impeachment proceedings against him.

"There ain't no smoking gun," Mr Reagan said when asked about a comment by the chairman of the Iran-Contra scandal inquiry that there would be demands for impeachment if the inquiry panel found the President had approved the diversion to the rebels of profits from clandestine arms sales to Iran. **Reagan magic fails, Page 24**

General sacked

The military governor of the Basque province of Guipuzcoa – whose predecessor was killed by Basque separatists last year was dismissed after mentioning the possibility that a region of Spain could gain independence.

Lima car bomb

A car bomb exploded in front of two banks in Lima, Peru, wounding four people. Left-wing guerrillas were blamed.

Corsican demand

Separatists demanding an end to French rule in Corsica disrupted a speech to the island's regional assembly by the French Interior Minister and clashed with police in the streets of Ajaccio.

Diplomats return

Three diplomats withdrawn by Britain from Iran returned to London. Diplomatic representation was reduced to 16 at the Iranian mission in London and six Britons in Iran.

Fresh Seoul protests

A fresh wave of anti-government student protests erupted in South Korea, with violent clashes on more than 20 campuses in Seoul between students and riot police. Radicals set fire to four police posts in Chinju. Page 3

Blacks stop work

More than a million black South Africans stayed away from work to mark the 11th anniversary of bloody riots in Soweto. Meanwhile, the Government banned posters issued by an ultra-right group, the White Liberation Movement, calling for the eviction of all non-whites from the republic. Page 3

Spanish tax strike

Spanish tax inspectors began a 24-hour strike and threatened to work to rule from next week if demands over recruitment and working conditions were not met.

US Gulf policy

The Reagan Administration defended its plan to protect Kuwaiti shipping in the Gulf, saying failure to act would risk an escalation of Iranian threats against neutral Gulf states. Page 4

Bonn protests

West Germany protested to Poland at the shelling of a West German navy ship monitoring Warsaw Pact exercises in the Baltic Sea by a Polish military vessel. Three sailors were wounded in the accident.

Le Matin aid

French Prime Minister Jacques Chirac ruled that the Le Matin newspaper, which supports the opposition Socialist Party, should be allowed early allocation of state subsidies because of financial difficulties.

Elephant runs amok

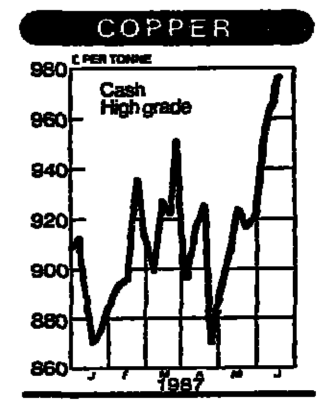
A 75-year-old elephant ran amok and destroyed a tea kiosk in Kandy before keepers from the Temple of Tooth, Sri Lanka's most holy temple, returned him to the temple.

Maxwell to raise funds for HBJ bid

ROBERT MAXWELL, publisher of Mirror Group newspapers of Britain launched a £630m ($1.02bn) rights issue to fund its continuing purchase of the US publishers Harcourt Brace Jovanovich and the further international expansion of its British Printing and Communications Corporation. Page 25

RENAULT chairman Raymond Levy said the French state car group expected to return to profit this year with net earnings of up to FFr 1bn ($164m) after FFr 5.5bn losses last year. Page 25

COPPER



COPPER prices continued to rise to new peaks on the London Metal Exchange, in spite of sterling's firmness against the dollar. The cash position added £1 to Monday's £9 advance to close at a 14-month high of £976 a tonne. Commodities, Page 34

LONDON: The public sector borrowing statistics rescued equities from a sharp midsession fall, caused in part by Mr Robert Maxwell's huge rights issue. The FT-SE 100 index closed 1.4 higher at a record 2,309.0 and the FT Ordinary was 7.9 up at a new high of 1,794.5. Gilts gained around ¾. Details, Page 42

TOKYO: High-technology stocks were the worst hit in a wave of profit-taking which took the Nikkei average down 17.58 to 25,738.86, Page 46

WALL STREET: By 3pm the Dow Jones industrial average was up 5.92 at 2,397.46. Page 46

BELGIUM's first two market index funds were unveiled simultaneously, aimed principally at foreign institutional investors, Page 46

GOLD rose in London to $452.75 from $449.75. In Zurich it also rose to $453.55 from $449.75. Page 34

DOLLAR rose in London to DM 1.8260 (DM 1.8245); SFr 1.5205 (SFr 1.5130); FFr 6.0975 (FFr 6.0900); but fell to Y144.40 (Y144.75). On Bank of England figures, the dollar's exchange rate index fell 0.2 to 101.9. Page 35

STERLING rose in London to $1.6350 ($1.6320); DM 2.9850 (DM 2.9775); FFr 9.9700 (FFr 9.9375); SFr 2.4850 (SFr 2.4700); but fell to Y236 (Y236.25). The pound's exchange rate index rose 0.2 to 73.1. Page 35

DEN NORSKE Creditbank (DnC), leading Norwegian bank, posted a 17.2 per cent decline in operating profits for the first quarter. Page 25

CENTRAL CAPITAL CORP of Halifax improves its standing in Canada's trust markets with its acquisition of the Toronto based Canadian General Securities. Page 28

SABENA-SAS merger prospects receded sharply when the Belgian state airline confirmed that talks between it and Scandinavian Airlines System were deadlocked. Page 25

FRENCH Goverment is keen to open part of the capital of Air France, French national airline, to private shareholders to help finance the company's major fleet renewal programme. Page 25

TRANSCANADA PIPELINES of Toronto is expected to join the takeover battle for ailing Canadian energy producer Dome Petroleum with a bid before June 30. Page 28

NatWest increases provisions for Third World debt

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

NATIONAL Westminster Bank, the UK's largest clearing bank, is to raise its provisions against doubtful Third World loans by £466m in the first half of this year.

The decision, announced to a surprised but generally approving City of London yesterday, is the first response by a European bank to the large provisions made by US banks in recent weeks following the lead set by Citicorp in May. It strengthens the likelihood of an allround increase in the UK clearing banks' provisions although the others may not follow immediately.

The US provisioning process also continued yesterday with an announcement by Manufacturers Hanover Corp, the fourthlargest US bank, that it was adding $1.7bn to its loan loss reserve and expected to report a $1.4bn loss this quarter.

NatWest said that it would still make a profit in the first half of this year although down on the first half of last year when it earned £482m ($786m) before tax. It also expects to maintain its normal dividend policy at the half year.

Mr Philip Wilkinson, chief executive, said the provision reflected NatWest's "continuing prudent approach to sovereign debt" and was made after individual assessments of all countries with financial problems. He said NatWest would continue to play a constructive role in negotiations with borrowing countries.

LOAN LOSS PROVISIONS

Citicorp	$3bn
Chase Manhattan	$1.6bn
BankAmerica	$1.1bn
Security Pacific	$0.5bn
Manufacturers Hanover	$1.7bn
NatWest	£466m

Yesterday's action concerns £2.8bn of loans to 35 countries which are in payments difficulties or are rescheduling their debts. They include £483m to Brazil, £574m to Mexico, and £938m to other Central and South American countries.

NatWest is also providing against £780m of loans to countries elsewhere, including South Africa, which has frozen its foreign debts. Part of the provision is being made through the US subsidiary, NatWest USA, which is adding $220m to reserves.

Altogether, these will increase NatWest's provisions from 13 per cent of the total to 29.8 per cent. This is more than the provisions made by US banks, which have averaged 25 per cent of doubtful loans.

Mr Tom Frost, NatWest's deputy chief executive, said that there had been no prior agreement with the Inland Revenue about the tax treatment of the provisions. But since they were specific to individual countries rather than general, NatWest would treat them as deductible in its interim profit statement next month.

NatWest's announcement caused some surprise in the City where the clearers had been expected to take a more gradual approach to provisions. But it was widely applauded as a realistic move.

It was also welcomed by the Bank of England although the authorities have at times said that provisioning should be a continuous rather than sudden process. The Bank said yesterday that it would not discourage banks from making large provisions if they wanted to.

The other clearing banks said they would not hurry to match NatWest: Lloyds and Barclays will announce their decisions with their interim result at the end of next month. Mr Peter Leslie, the managing director of Barclays, said: "We see no great urgency."

Midland Bank, potentially the most vulnerable of the clearers because of its large Latin American exposure and relatively weak capital position, said it was still reviewing the situation. The majority view in the City is that all three will have to match NatWest in the coming months.

On the stock exchange, NatWest's shares advanced strongly, gaining

Continued on Page 24

Argentine debt, Page 4; Taking the medicine, Page 22; Lex, Page 24.

Citicorp withdraws from South Africa but regrets decision

BY JIM JONES IN JOHANNESBURG

CITICORP, the largest US banking group, is to pull out of South Africa on July 1. The bank has sold its local operations to Barclays National Bank for R130m, which is equivalent to about $38m at the current financial rand exchange rate.

Barclays, which is soon to change its name to First National Bank, was the last major South African bank to be sold by its foreign parent. Last November, Barclays Bank of the UK sold its 40.4 per cent interest in its South African associate to the Anglo American group of South Africa for R527m, then worth about £82m.

In Johannesburg yesterday Mr John Reed, Citicorp's chief executive, regretted his bank's decision to sever ties with South Africa. Referring to US anti-apartheid legislation and pressures by American anti-apartheid activists, he said: "Current constraints on Citicorp have made it increasingly difficult to meet the needs of South African clients in the manner they have the right to expect."

He added that the divestment decision was not taken in response to the Reverend Leon Sullivan's recent call for American firms to pull out of South Africa.

Mr Chris Ball, Barclays' managing director, said that Citicorp's South African operation had a net asset value of about R15m and that Barclays was paying a premium for Citicorp's client base and management experience.

He added that Citicorp's South African operations were unlikely to generate a taxed profit of more than R9m this year because of domestic and international constraints on the bank's operations.

Mr Ball provided a measure of the effect of the constraints by adding that, as an independent division of Barclays, Citicorp was expected to earn an after-tax profit of R15m.

He said yesterday that all of Citicorp's 185 staff members in Johannesburg and Durban would remain employed and that the bank would be operated as a separate specialist division of Barclays.

There were inklings of divestment plans late last year when several of Citicorp's senior staff were offered alternative foreign positions or transferred to other posts in the bank's world-wide network. At the time, Citicorp's Johannesburg officers said that it was incorrect to infer that the transfers were preliminary to divestment.

Bank officers said then that the South African bank was planning to expand its deposit base, and that this would involve greater use of local funding.

Citicorp terminated its retail banking business more than 10 years ago and has since concentrated on serving corporate clients. It was the only American bank which operated as a bank rather than as a representative office in South Africa and established a presence in the country 29 years ago in 1958.

It terminated loans to the South African public sector in 1985 in response to anti-apartheid pressure.

Bill Hall adds from New York: Citicorp, which has been a regular target of anti-apartheid demonstrations in New York, said yesterday that while it was sensitive to the views of its shareholders and its customers, these had not played an important part in its decision to withdraw from South Africa.

Unlike Barclays Bank, for example, which was suffering a loss of student accounts because of its involvement in South Africa, Citicorp said that it had not suffered similar problems. Its decision to withdraw was "a business decision."

UK publisher ponders rival bids

BY RAYMOND SNODDY IN LONDON

TRUSTEES controlling the largest block of shares in Associated Book Publishing were last night considering three formal offers for the British company, which publishes everything from legal textbooks to the adventures of Adrian Mole.

Gulf and Western, the parent group of US publishers Simon & Schuster, International Thomson and Pearson, publishers of the Financial Times, have all submitted formal offers for ABP, which now has a share capitalisation of about £150m ($244.5m).

Two other companies have also made less specific expressions of interest. A decision on the future ownership of the company is expected today.

The sale of ABP is the latest round of takeover fever in the British publishing industry. Last month, Random House of the US took over Chatto, Virago, Bodley Head and Jonathan Cape, one of Britain's leading literary publishers.

Bids were invited for ABP last week after Gulf and Western approached the Eyre Family Trust, which controls 36.65 per cent of the company, with a view to making a formal bid.

A condition of one of the bids received is that the size of the offers are not to be revealed. But it is thought unlikely that the final price will be smaller than the capitalisation.

Publishing specialists believe that ABP, whose imprints include Routledge & Kegan, Methuen and Sweet and Maxwell would fit well with any of the three suitors.

Because all three potential suitors are broadly acceptable – it is understood the ABP board has not made any specific recommendation – the outcome is likely to be determined by the size of the offers.

The conditional offers for ABP, which had profits of £8m last year, will almost certainly involve undertakings that a number of key managers remain with the company.

Martin Bangemann

German steel asks for $492m aid

By David Marsh in Bonn

WEST GERMAN steel companies and the IG Metall metalworkers union yesterday joined forces to call for additional public-sector aid to help finance steel restructuring and avoid massive forced redundancies in the industry.

Following a round of high-level talks headed by Mr Helmut Kohl, the Chancellor, the Bonn Government indicated that a decision on the aid request – which could involve public-sector outlays of as much as DM 900m ($492m) – might be made after more detailed negotiations during the next 10 days.

However, Mr Martin Bangemann, the Economics Minister, said the government could as yet make no promise of a concrete figure. This reflects Bonn's anxiety to avoid committing itself to fresh aid measures before an EC ministerial meeting in September designed to find a solution for the Community's ever-more pressing steel market problems.

Mr Franz Steinkuehler, the IG Metal leader who yesterday termed the mood in steel works as one of "despair", said union-employer cooperation over a rundown in steel jobs in coming years would depend on the companies' dropping plans for forced lay-offs.

However, Mr Heinz Kriwet, chairman of Thyssen Steel and of the Iron and Steel Industry Association, said the companies would pull back from mass redundancies only if the Bonn government and the federal states agreed to pay out cash for early retirement and other social measures, which was discontinued in 1985.

Yesterday's talks between government, unions and employers represented a new bid to tackle a crisis in the West German steel industry which has flared up during the past few months and put between 25,000 and 30,000 jobs at risk.

This has been a resulut of continuing world over-capacity and bitter price-cutting competition on the

Continued on Page 24

Italy's election result sends shares higher

BY ALAN FRIEDMAN IN MILAN AND JOHN WYLES IN ROME

SHARE PRICES closed sharply higher on the Milan bourse yesterday as domestic and foreign investors responded to Monday's Italian election results with the strongest rally on a single day since last September.

Investors and industrialists were enthused by the severe setback suffered by the Communist Party. However, they were also anxious about the likely time needed to form a new five-party coalition around the Christian Democrats and the Socialists whose rivalry could impose substantial delays.

Mr Luigi Lucchini, president of Confindustria, Italy's main industrialists' organisation, yesterday called for the immediate formation of "a stable and durable government", but feared that a period of reflection would be needed "so that political leaders can regain their calm".

Enormous variations in the political mood were apparent yesterday according to the electoral bounty received. Mr Ciriaco De Mita, the Christian Democrat secretary, was obviously relieved that his party had climbed above its worst-ever performance in 1983. He implied that this signified strong support for renewing the five-party coalition which fell apart at the beginning of March after Mr Bettino Craxi, the Socialist leader, resigned the premiership.

Bolstered by strong Socialist performance, a smiling Mr Craxi was offering no confirmation that he was ready to talk about a new coalition with the Christian Democrats, although everyone expects him to do so.

The mood was much more despondent among the smaller lay parties – the Republicans, Social Democrats and Liberals – who would play rather more minor roles in the next coalition than they did in the last, after severe falls in their votes. The Communists, for their part, were already launching an exhaustive investigation into their electoral debacle.

President Francesco Cossiga will not set out on the formal process of establishing a new government until after the new Parliament meets on July 2. In the meantime, the caretaker administration led by Mr Amintore Fanfani will remain in office.

The parties, however, will begin backroom consultations over nominations to the presidencies of the Chamber and the Senate and to the chairmanships of key committees.

An embarrassment of as yet untold potential is the likely election to the Chamber of Cicciolina, the porno star whose publicity-grabbing topless campaign for the Radical Party caused growing unease among the party's more serious following.

In an election with slightly fewer abstentions and spoiled ballot papers than the 17 per cent of 1983, it looked last night as though enough voters had marked a preference vote against her name to launch Cicciolina on a political career.

The prospect had no discernible impact on the main Milan share index which closed 2.7 per cent higher yesterday, following a buying spree which saw an initial 3.4 per cent surge.

Good year for incumbents, Page 2; Editorial comment, Page 22

Balladur calls on EC to strengthen EMS

BY PHILLIP STEPHENS IN LONDON

A STRONG plea for European Community governments to grasp the present opportunity to strengthen the European Monetary System (EMS) is made today by Mr Edouard Balladur, the French Finance Minister.

Mr Balladur writes in the Financial Times that the international environment has never been so favourable to a reinforced EMS. There is now not only a consensus among the major industrial nations on the appropriateness of the present exchange rates of the major currencies but also the political will for joint action to stabilise them around current levels, he says. In those circumstances, Europe could no longer use its partners' "egotism" as an alibi for its own inaction.

Mr Balladur says that the creation by 1992 of a single European market will radically change the Community's monetary and economic environment. Its achievement would be impossible without a parallel strengthening of the co-operative framework provided by the EMS.

Advance or face retreat, Page 23

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TESTING TIME AT THE POLLS FOR GANDHI

India's Prime Minister faces the voters of a prosperous farming state, Page 24

Problem issues piling up for EC summit

BY QUENTIN PEEL IN STRASBOURG

THE European Community summit in two weeks time is in grave *danger of becoming* a dumping ground for all the unresolved problems of EC finance and agriculture, Mr Leo Tindemans, the Belgian Foreign Minister and current president of the Council of *Ministers*, warned yesterday.

Such an outcome would be a recipe for indecision, because the heads of state and government are not equipped to tackle the detailed issues at stake, he tolld the European Parliament.

His warning came as agriculture ministers from the 12 member states embarked on a marathon negotiating session on farm prices, with no prospect of agreement on the level of savings needed to balance the EC budget.

The Brussels summit on June 29 and 30 now looks likely to be landed with deadlock on the future financing of the budget, key details of the farm price package, and how to finance a European programme of research into high technology—hitherto blocked by the UK alone.

There is also no certainty of getting a decision on the liberalisation of air fares and regulations in the Community—a major objective of the Belgian presidency—supposed to be agreed by transport ministers next week.

Mr Tindemans yesterday defended the lack of progress across a whole range of EC policies over the past six months. He said decision-making had been paralysed by the coincidence of elections in more than half the member states—notably Britain, West Germany, Italy and Spain—all of which used them as an excuse to block decisions on one issue or another. *He blamed two other factors:* the delay in implementing the Single European Act—intended to provide for more majority voting—because of the Irish referendum; and the exhaustion *of the funds available to the* EC budget.

Because of the failure of ministers to decide, the EC summit was likely to be landed with questions it should never be asked to *decide, he said.*

"Never has a presidency finished with so much pressure being put on a European Council, *as is now the case,*" he said. "It is possible to imagine all the *problems being concentrated on the meeting.*" That in turn amounted to an abdioation of responsibility by the EC instiutions.

"It seems increasingly that the Commpnity has lost its sense of direction," he said.

Spain and Portugal gain most from regional fund

BY WILLIAM DAWKINS IN BRUSSELS

THE COMMUNITIES two newest members Spain and Portugal, are to take just over 60 per cent of the latest grants from the regional development *fund. They are* receiving ECu 109.6m (£75.6m) between them out of the total of ECu 180.84m approved by the European Commission yesterday in the third allocation from the *fund so far this year.*

The cash designed for industrial investment and infrastructure projects in backward areas and regions of economic decline. It comes just over a month after the Commission's decision to pursue its demand for a doubling of its so-called structural funds despite opposition from the EC's main budget contributors.

Spain, the EC's biggest beneficiary from yesterday's disbursement is to receive ECu 79.5m for a series of road and water supply projects. Portugal is to receive ECu 29.6m for hospitals, a nursing school, and other medical schemes.

Among the rest, West Germany—a tough opponent of any plans to increase regional *spending—gets Ecu 23.9m,* followed by the UK with Ecu 20.4m and Italy with Ecu 17.4m. Of yesterday's total, Ecu 147.2m will go to infrastructure investments, with *Ecu 33.6m going to support* industrial projects. This, estimates the Commission, will help create 3,691 jobs and keep another 2,588 people in work throughout the EC.

Overall, Italy has gained most from the regional development fund in the past 12 years, having received Ecu 234.88m—almost half—of the Ecu 566.4m distributed since 1975. Spain is next with Ecu 119.9m over the same period, while prosperous Denmark and the Netherlands have benefited the least, with a mere Ecu 3.3m and Ecu 3.4m respectively.

Court rejects reprieve for Tubemeuse over illicit aid

BY OUR BRUSSELS STAFF

AN ATTEMPT by the Belgian Government to overturn a European Commission order to reclaim a total of BFr 12bn (£194.8m) of illicit industrial aid has met a serious legal setback.

The *European Court of* Justice in Luxembourg has refused to accept Belgium's appeal for a temporary reprieve from a Commission order that government aid paid over the past 10 years to Tubemeuse, a near bankrupt Liege-based steel tube-maker, should be repaid.

The decision gives legal backing to the Commission's increasingly tough line against state aid which is likely to distort fair competition. However, the Belgian authorities claim that it could also threaten the jobs of Tubemeuse's 1,500 employees.

The Belgian Government is now obliged by EC law to reclaim the cash, an action which its lawyers *claim* will force the company into collapse. EC officials admit that the company, which filed for protection from its creditors last autumn, will be unable to repay more than a fraction of the aid.

Belgium applied for the order to be suspended until the court had made a final decision on its full appeal against the *Commission's decision, not* expected until the end of next year at the earliest. Even though the aid has to be reclaimed as soon as possible, the court could technically *decide against the Commission* in its final judgment.

The court could not accept Belgium's argument that Tubemeuse risked immediate bankruptcy if it were forced to repay the aid, which had been used to cover operating losses. This was because the local court in Liege had not yet decided whether to liquidate the business or continue to allow it protection from creditors.

The Commission's move against the Tubemeuse aid came on the grounds that it contravened EC rules against government assistance likely to give the beneficiary an artificial advantage over competitors.

Commission may reject anti-copy tape device

By David Thomas

THE European Commission *is likely to reject* a request from the music industry for legislation to prevent all copying on a revolutionary sound system developed by the Japanese.

However, *it* may recommend another measure which would severely restrict copying and also a levy on blank tapes in a long-awaited Commission Green Paper on copyright which is now near completion.

The music industry fears the Japanese system, called digital audio tape (DAT), *will drain its copyright income* because it allows almost perfect recording *from* a compact disc. It has been lobbying the European Commission and the US *Government for laws forcing* manufacturers of DAT hardware and software to include an anti-copying device developed by CBS of the US.

Commission officials are *likely to tell senior representatives of the music industry* in Brussels today that they do not support the CBS device *because they believe it may* damage music quality.

The officials are, however, still attracted by another anti-copying device, developed by Philips of the Netherlands, which is intended to limit severely the extent of copying.

This would allow consumers to make a copy from a recording, but would prevent further copying from the copy. The Commission is due to *receive a report on the technical and commercial implications* of this Philips device this week.

The music industry would probably welcome legislation *on the Philips device if* the Commission finally comes down against the CBS anti-copier. It is still hopeful of getting legislation on the CBS device in the US.

Commission officials are still considering whether to recommend imposing a Europe-wide levy on blank tapes as part of the solution, though they recognise this could lead to fierce divisions among the member states.

Some European countries already have this levy, but the UK Government has deferred *legislation on a levy in the face of a* strong campaign by the tape manufacturers and consumer resistance.

The section on DAT is the main part of the copyright *Green Paper left to be* finished. Commission officials hope they will have completed the document within two weeks.

The Commission is no longer considering the idea of giving consumers the choice between two types of records and cassettes, one of which would be incapable of copying and the other which would be copiable but more expensive. Officials decided this idea would *not* be practical on marketing grounds.

Chemists fined over cartels

By George Graham in Paris

FRANCE's fledgling competition council has struck a blow at the entrenched position of the country's corner *chemists shops, opening* up a FFr 27bn (£2.7m) market in cosmetics and bodycare products.

The council, created last year in a reform of France's competition laws, has rapped 22 cosmetics prodeers over knuckles for refusing to supply their products to the Leclerc discount supermarket chain and fined three *chemists' associations for operating price cartels,*

The decision, the council's first case verdict, has been greeted as an important success in the Leclerc chain's long struggle to break down the chemists' monopoly.

WEEKS OF COALITION MANOEUVRJNG IN PROSPECT

Italian electors vote for more of the same

BY JOHN WYLES IN ROME

THE ITALIAN electorate has confirmed that 1987 is a very good year for incumbent governments in Western Europe. Just as the centre-right coalition in West Germany was sent back *for a fresh term in January* and Mrs Margaret Thatcher's Conservative Party handed a new mandate less than a week ago, so the five-party coalition, built in 1983 on collaboration between the Christian Democrats and the Socialists, has been given clear instructions to put another act together.

But whereas the left-wing alternatives made slight headway in Britain and West Germany, the Socialist and Radical left in Italy remains badly stalled. The Communist Party suffered its heaviest losses in the Chamber of Deputies since 1979, most of its support haemorrhaging to the smaller left-wing parties, the Radicals, the Proletarian Democrats and to the newly-arrived Greens.

The Communists' grip on the organised working class in the big northern cities such as Turin, Milan and Bologna has been crucially weakened and *the party has no obvious* strategy with which to restore it.

Nevertheless, there has been no real shift from left to centre and right in Italy. The five parties of the old governing coalition boosted their collective share of the vote for the lower house by just one percentage point, from 56.4 per cent to 57.4 per cent. But if the slightly lower neo-fascist MSI vote is thrown into the equation, then the centre and right stands pretty much where it did in 1983.

As in the past, the main shifts in vote were within the two blocs and not between them. Unfortunately, however, for those anxious for the prompt formation of stable government, the results will not smother the bitter rivalry between the Christian Democrat secretary, Mr Ciriaco de Mita, and Mr Bettino Craxi, the Socialist leader and *former* Premier, which forced the collapse of the five-party coalition in March.

For what the voters have done is to favour Mr de Mita and even more so Mr Craxi at the expense of the smaller coalition parties. Mr Giovanni Spadolini's Republicans have lost nearly a third of their vote because of a vague and ill-conceived campaign seeking to present the party as the potential arbitrator between the warring duo.

Mr Franco Nicolazzi's Social Democrats were caught *in* a deadly squeeze from the Socialists, from whom they broke away in 1948, while the tiny Liberal Party faded towards insignificance.

Mr Craxi understandably regards himself as the winner, *having* clearly harvested the dividends of more than three and a half effective years as Prime Minister. But his judgment on Monday evening that the political situation was now "very complicated" probably also reflected an awareness that he has less room for manoeuvre than he had in 1983.

Then, the Christian Democrats *had suffered* their worst post-war election result and were in no position to resist his claim to the premiership. The outside risk that he might throw his support in with the Communists was *also* a powerful lever.

This time, however, Mr de Mita's extraordinary campaign, backed by the Roman Catholic Church and directed as much against Mr Craxi as the Communists, has halted his party's decline and gained an extra 1.4 points. Buttressed by a vote more than twice as large as the Socialists', Mr de Mita will legitimately claim the premiership for his party (although possibly not for himself), secure in the knowledge that there is no alternative for Mr Craxi to another coalition with the Christian Democrats.

A Socialist alliance with the Communists, the Social Democrats, the Radicals, the Proletarian Democrats, and the Greens not only defies political *credibility* but, *forming as it* did the core of the Communist campaign, has also been rejected by the electorate.

So where do Italian politics *go from here?* As before, Mr Craxi's tenacious ambition and belief in himself as the best possible government leader will be the determining factor. He is enough of a realist to know that he cannot be the next Prime Minister but he could be the next but one.

He will, therefore, do everything in his power to determine the Christian Democrats' choice *for them.* When Mr de Mita allowed Mr Craxi the premiership in 1983, he did so in the mistaken belief that the Socialist could be unseated after a decent interval. Mr Craxi may try to block any Christian Democrat, like Mr *Giulio Andreotti*, capable of putting down such powerful roots in the Premiership as he himself did. He may even try to insist that Mr de *Mita grasps* the chalice, aware that neither the Christian Democrat secretary's abilities nor his public standing promise a strong performance.

The manoeuvring could go on for weeks and at some stage in the process, the discussion will start to focus on a government programme. Issues were so absent from the campaign that *little can be said about policy* priorities. However, a medium term plan for reducing the public sector deficit is seen as imperative as are reforms in the education and welfare services and fresh moves to tackle youth unemployment.

Although all of the likely governing parties say institutional reform is dear to their hearts, it is difficult to see them agreeing with the Communists, *whose support* will be needed, on a new voting system which may induce somewhat greater *order in Italian politics.*

These latest elections have confirmed the steady fragmentation of the party system, bringing into the parliament not only the Greens but also regional parties from the South Tyrol, Sardinia, and Lombardy.

Finally, the arrival of the Greens could well put paid to any prospects of Italy developing its derisory nuclear energy *programme. More positively,* the Greens should also force a long overdue re-examination of environmental policies which have so far been feebly co-ordinated and even more feebly applied.

THE neo-fascist Italian Social Movement (MSI) party more than trebled its vote in the city of Bolzano, in the Alto Adige (South Tyrol) region of northern Italy. With more than 25 per cent of the Bolzano vote, the MSI managed to elect its first-ever local deputy, a lawyer who has proclaimed that Mussolini was "a great man." The party slid from 6.8 per cent to 5.9 per cent in the national vote for the Chamber of Deputies.

It is likely to have gained because of growing ethnic tensions between the largely German-speaking populace and Italian speakers in Bolzano. The campaign in this area was marred by terrorist bombings and shootings, which had the effect of polarising voters and strengthening the Italian protest vote, which went to the MSI. The largest party in the province is the Suedtiroler Volkspartei, a German ethnic party. Police are still investigating who was *behind the terrorist*

RESULTS FOR CHAMBER OF DEPUTIES
Percentage share of vote

	1987	1983
Christian Democrats	34.3	32.9
Communists	26.6	29.9
Socialists	14.3	11.4
MSI (neo-facists)	5.9	6.8
Republicans	5.1	3.7
Social Democrats	3.0	4.1
Liberals	2.1	2.9
Radicals	2.6	2.2
Prol. Democrats	1.7	1.5
Greens	2.6	—
Others	3.3	2.9

Greens toast their success in a 'biological' manner

BY ALAN FRIEDMAN IN MILAN

THE CELEBRATIONS began early on Monday afternoon at the ramshackle Rome headquarters of Italy's newest emerging political force, the Greens. When encouraging results began to point to an impressive first-time win of 13 seats in the Chamber of Deputies as well as two Senate seats, the celebrants broke open a bottle of "biologically sound" (unfermented) wine, and munched on "biodynamic sweets" from Piedmont and other macrobiotic goodies.

The showing by the Greens (2.5 per cent of the national vote for the Chamber of Deputies) is, however, no laughing matter: this anti-nuclear and pro-environment confederation not only drained votes away from the Communists, but must have attracted a number of voters who normally give their support to the more moderate centrist parties.

The Greens now have more deputies than, for example, the Liberal Party, which was a member of the collapsed five-party coalition. They are, none the less, rank amateurs when it comes to national politics and at present amount to little more than a loose coalition of individual political activists and environmental groups, such as the World Wildlife Fund and the Friends of the Earth.

It would be easy to say that the Greens have benefited from "post-Chernobyl" sentiment among Italians, but there is every reason to believe that their triumph goes well beyond this and can be compared in *political* terms to the *birth* several years ago of the Green Party in West Germany.

With average campaign spending of just £350 per candidate, the Greens have clearly managed to strike a chord with 1m voters despite being heavily outspent by the other parties. This has been accomplished by flagging issues such as the chronic pollution of much of Italy's coastline, a matter which has irritated many people, but *which has rarely been taken* up by mainstream parties. The very presence of the Greens has already caused other parties to pay attention to environmental concerns, in many cases *for the first time.*

Mr Alex Langer, a 41-year-old leader of the Greens who is based in the South Tyrol town of Bolzano, said the results demonstrated that "people are concerned about nuclear power, about clean air and water and other environmental issues." He said the Greens had "no plan to become a formal party — we are a parliamentary grouping." When pressed on how this grouping would co-ordinate on matters such as foreign policy and the economy, he admitted that "some formation" would be inevitable in Parliament.

Their first move in Parliament will be to press for a moratorium on the building of new nuclear plants, an issue which fell away during the campaign and which will come up once more if the environmentalists succeed in reviving the referendum on nuclear energy which was cancelled ahead of this week's election.

US tables proposal on eliminating INF

BY WILLIAM DULLFORCE IN GENEVA

THE US yesterday presented the Soviet Union with an offer to eliminate globally all intermediate-range nuclear forces (INF).

Formally tabling at a plenary session of the bilateral Geneva talks its proposal to include the global elimination of shorter-range (500 km-1,000 km) missiles in an INF agreement, the US also called on Moscow to accept the global elimination of the longer-range (1,000 km-5,000 km) weapons as well.

Its proposal modifies the draft treaty it submitted earlier this year. That draft provided for the removal from Europe of all longer-range INF weapons, leaving 100 warheads globally on each side. It also called for "equal and global" constraints on the shorter-range missiles, in which the Soviet Union has overwhelming superiority.

Now, after obtaining the *backing of its Nato allies* at a foreign ministers' meeting in Reykjavik last Friday, the US is raising the stakes by offering to negotiate a treaty that would scrap worldwide nuclear *missiles in both range categories.*

Its offer is a response to the so-called "double zero" proposal put forward by Mr Mikhail Gorbachev, the Soviet leader, for the elimination of *both categories from Europe.*

Both Mr Gorbachev and President Ronald Reagan have suggested that a draft treaty could be completed and open the way for a summit meeting at which it could be signed before the end of the year.

Outlook brightens for Swedish industry

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SWEDISH industrial production is rising significantly after more than two years of stagnation and industrial investment is expected to increase sharply during 1987.

The Swedish Industry Federation said yesterday that production was expected to *rise* by some 3.5 per cent in 1987.

In the most optimistic economic forecast published in recent months the federation said industrial investment could increase by as much as 15 per cent this year led by the car and pulp and paper sectors, following a fall of 2 per cent in 1986.

The international competitiveness of Swedish industry has been helped by exchange rate movements. The Swedish Krona fell as much as 11 per cent against the *D-Mark* last year and 6.6 per cent in the first five months of 1987.

The krona *has* appreciated sharply against the US dollar, but has fallen against many European currencies and the Japanese yen.

The federation said productivity in Swedish industry was *expected to improve by 4.5 per* cent this year compared with an increase of only 1.6 per cent in 1986.

It forecast an increase of 4-4.5 per cent in the volume of *Swedish exports this year and* said that in the short-term lack of capacity was likely to be a bigger problem than lack of demand.

The industry federation said *the high level of Swedish* interest rates was inhibiting investment by small and medium-sized businesses, but it claimed interest *rates could fall in the* second half of the year, when the current private consumption boom has begun to weaken.

The federation warned that Swedish labour costs were still *rising too quickly compared* with the country's main competitors.

The Swedish trade surplus in the first five months totalled SKr 12.1bn (£1.2bn) compared with a *surplus of* SKr 14.8bn in the same period last year.

Papandreou plea for investment

By Andriana Ierodiaconou in Athens

THE GREEK Prime Minister, Mr Andreas Papandreou, yesterday made a strong pitch for foreign investments and said *his Socialist Government* is determined to open up the economy to international co-operation, reducing red tape, liberalising the banking system and eliminating price-distorting taxes and subsidies. Foreign investment has been at a low ebb in Greece since the Socialists came to power in 1981.

"No responsible leader is prepared to sacrifice the concrete benefits of international economic co-operation to the abstract notion of any outdated creed, be it religious, political or social," he said in a succinct message to ideologues and economic isolationists within his own Socialist Party ranks, speaking at a lunch organised by foreign chambers of commerce in Greece.

At the same time, Mr Papandreou called on Greek businessmen to abandon traditional reliance on state subsidies and to step up independent efforts *for higher* profits.

"Neither the most perfect macroeconomic policy, nor the highest creditworthiness will persuade foreign investors to risk their money *if they do not* first determine that businesses already operating in our country are realising satisfactory profits," he said.

Ombudsman's peccadilloes shake Swedes' faith in authority

WHEN SWEDES cite their contributions to the vocabularies of foreign languages the list *often stops after ombudsman* and *smorgasbord.* So the country is taking rather seriously the revelation that Mr Per-Erik Nilsson, Chief Parliamentary Ombudsman, appears to have been caught fiddling his expenses, a discovery that might appear to cast doubt on the ethical standards of this most Swedish of institutions.

For the past 18 months, Sweden has lurched uncharacteristically from one scandal to another, with the fiasco of the Palme murder hunt, the uncovering of the smuggling by Bofors, the country's leading weapons manufacturers, of missiles and explosives to the Middle East, and the never-ending saga of financial misdeeds at Fermenta, the embattled antibiotics and chemicals group.

The irregularities exposed in Mr Nilson's expenses might seem to be peccadilos by comparison, but not to his fellow citizens.

The traditionally trusting—the more cynically-inclined may say naive—faith of Swedes in the professional impartiality *and uncorruptability of the* central authorities has been badly shaken, and old certainties and values have been called into question as seldom before.

Sweden had already been plunged into a vacuum of doubt by the still unsolved murder of Mr Olof Palme, the former Prime Minister. The resulting atmosphere of confusion and uncertainty, fed by endless, unsettling speculation, has served to undermine the traditional Swedish image of the professional, disinterested public servant, and has transformed the minor *question of Mr Nilsson's* expenses into a loaded political issue.

The job of the Ombudsman—first created as long ago as 1809 an dtaken further in Sweden than anywhere else—is, after all, to protect the rights of the citize nagainst authority.

His office is empowered to delve into alleged misdemeanours and abuses of power by all state and municipal agencies and public servants. If you cannot trust the Ombudsman to be playing it straight, goes the argument, who can you trust?

Mr Nilsson's case is now due to disturb the usually somnolent calm of the Swedish summer, when it is taken up for critical examination at the beginning of July by the parliamentary Constitution Committee.

Acting like an all-purpose US *Senate hearing, albeit behind* closed doors, this body has already enjoyed a new heyday during the spring, hauling in one cabinet minister after the other, including the Prime Minister, Mr Ingvar Carlsson, to account for their roles in Bofors arms sales, the upheaval in the Palme murder investigation and other events.

The position of Mr Nilsson is particularly sensitive, as it is he is also leading th eGovernment-appointed judicial commission of inquiry into the events surrounding the Palme assassination.

Only weeks ago he came out with a scathing account of police incompetence in the first 12 hours after the murder. He is still working on the second instalment, which promises to be even more damaging, as it is investigating the whole first year of the murder hunt, which degenerated into a public quarrel between the leadership of the Stockholm police and the public prosecutor's office.

On account of his expenses transgressions, several MPs *have already demanded* Mr Nilsson's resignation — and therefore his removal from the Palme commission—and they have received backing in swingeing newspaper editorials from both right and left of the political spectrum.

According to Svenska Dagbladet, the leading conservative daily newspaper, "the public administration has been professional and we have relied on its impartiality. We have not even needed to suspect corruption. . . . If the parliamentary constitution committee is not to allow abuse to become custom, there is only one thing to do. . . ."

Aftonbladet, the social democratic union-owned evening paper, declared: "The Chief Parliamentary Ombudsman is not just any civil servant. He is appointed by Parliament to be the citizens' watchdog over public authorities and *public servants. His* honour and impartiality cannot be allowed to be called into question."

While the mills of Swedish bureaucracy may grind slowly, they do grind exceedingly small, and Mr Nilsson's peccadillos have now been officially catalogued in a specially commissioned chartered accountant's report *to the parliamentary* auditors. They include the fact that he has often used his office Eurocard for private expenditure and has been a little dilatory in repaying the money.

The chief cause celebre, is a week-long visit Mr Nilsson made to Portugal last November. "It is noteworthy," say the parliamentary auditors, "That Per-Erik Nilsson cannot decide himself whether the visit to Portugal was a business

There was never any official invitation, but Portugal's deputy ombudsman, Mr Luis Silveira, has helpfully written a letter at Mr Nilsson's request to describe several meetings they had. *Two days before it* was sent, however, Mr Angelo Ribeira, Portugal's Chief Ombudsman, gave a rather different picture in a Swedish newspaper interview. "Oh, yes, I met Nilsson. It was just a courtesy visit. We are colleagues after all. He was here any way on holiday," he said.

Mr Nilsson has given no pub*lic indication that he is* considering resignation, but in the new climate of doubt and questioning of public morality and competence, the manner in which Sweden chooses to resolve his case will serve as yet another test of changing attitudes.

Or is the furore over the Chief Ombudsman's expenses *just another case of what the* Swedes themselves sometimes call royal Swedish envy? In a country that was seriously able to discuss whether the supply of coffee and buns at the work-place should be considered a taxable benefit, any public disclosure that someone is cheating the system or getting something for nothing is *guaranteed to arouse public* wrath.

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Japanese GNP grows by 1.2% in first quarter

BY PETER BRUCE IN TOKYO

JAPAN'S real Gross National Product (GNP) grew 1.2 per cent in the first quarter of this year from the last three months of 1986, badly denting pessimistic private forecasts and raising new hopes that the economy will meet the targets set for it in fiscal 1987.

The Bank of Japan added to the surprisingly expansionary mood here yesterday by revealing that the country's broad-based money supply measure, M2 plus certificates of deposit, leaped 10.2 per cent last month, the first double digit rise since March 1982.

The GNP figures for the first quarter are equivalent to an annual growth rate of 4.9 per cent, said officials at the Government's Economic Planning Agency (EPA) adding that their 3.5 per cent growth target for fiscal 1987, which began in April, was now certain to be met.

They said growth in the second half of the fiscal year would accelerate once a Y6,000 bn (£15bn) emergency economic package just approved by the Cabinet is implemented.

The EPA also revealed that real GNP growth in fiscal 1986 had fallen to 2.6 per cent, well below its 3 per cent target and the country's second-lowest growth rate since the oil crisis in 1973.

The strong first-quarter performance amazed private analysts, however. "It's quite a surprise," conceded Mr Richard Jerram, a Tokyo-based economist with Kleinwort Benson.

Of the 1.2 per cent growth, an almost totally unexpected 0.5 percentage points were contributed by foreign demand (net exports). It had been thought the strength of the yen would make it virtually impossible for exports still to be contributing almost half the nation's growth momentum by the start of the year.

Nevertheless, "it is not sustainable," Mr Jerram believes — a conviction echoed by other analysts who insist second-quarter growth will be lower. Many still feel that the 3.5 per cent growth target for the fiscal year is too optimistic.

The full effects of the economic package may not be felt this year, they say, because most of the money involved will be tied up in construction and public works projects.

While EPA officials were attributing the bulk of the first quarter increase to domestic demand, the Bank of Japan's money supply figures sent shivers through the bond market yesterday. Prices fell sharply because of fears that the Government might change its relatively liberal monetary policies.

But while the GNP and money-supply growth figures make any further interest rate cuts highly unlikely, even in the interests of harmony with Washington, Bank of Japan officials are saying privately they are not concerned about inflation and therefore no plans exist to make money harder to get.

To a large extent, the money-supply growth reflects the scale of foreign exchange intervention by the central bank, which has had to sell yen to prop up the US dollar.

It would not want to disturb the bond market with new interest rates anyway, because it has been relying heavily on the market to buy its paper and so take excess yen out of circulation.

Vote-catching giveaways unlikely in NZ budget

BY DAI HAYWARD IN WELLINGTON

VOTE-CATCHING giveaways by Mr Roger Douglas, New Zealand Finance Minister, are unlikely in his third Labour Government budget on Thursday night, despite the imminence of August's general election.

Mr Douglas, Mr David Lange the Prime Minister and every other Cabinet Minister reiterated so often that the Labour Government will not deviate from its planned course of economic reform, that to do so now could be political suicide.

The main objective will be to reduce the budget deficit to the lowest possible figure. Most commentators and economists believe this will be around NZ$2bn but Mr Douglas could have a surprise in store. He will certainly be striving to get the deficit well below $2bn.

A reduced budget deficit will be cited by Mr Douglas as proof that the drastic Labour Government financial reforms and its economic restructuring are working.

He has to produce some positive proof of this to help win back the support of wavering Labour Party voters, many of whom are unhappy with some of Labour's policies.

However, Mr Douglas will not impose any harsh measures or severely prune any government services. He is unlikely to introduce any major cuts in government spending at this time.

It is well known that Mr Douglas and some of the other economic reformists would like radically to reform New Zealand's social welfare and health services to make them more cost-efficient. He will not, however, make any budget moves which could have an adverse effect on the government's election prospects.

There will be some changes in the education system and possibly the introduction of some new education services

There could also be some modest tax cuts.

Peres to launch new mideast peace move

By Andrew Whitley in Jerusalem

MR SHIMON PERES, the Israeli Foreign Minister, is to launch a fresh Middle East peace initiative — based on a proposed regional economic conference — when he visits three major West European countries, including the UK, next week.

While Mr Peres is hoping to keep alive the dimmed hopes of a breakthrough in the Middle East imbroglio, Western diplomats expect little of substance to emerge from the Foreign Minister's tour.

His new initiative follows the devatating rebuff given by the right-wing Likud bloc, copartners in the National Unity Government, to the abortive drive by Mr Peres, the Labour Party leader, to convene an international peace conference.

Mr Yitzhak Shamir, the Prime Minister last month catgorically declared the plan as "dead" as far as Israel was concerned.

Mr Shamir recently revived his own suggestion of a "mini-conference" limited to the regional countries and the US.

But this idea has been swiftly rejected by both Jordan and Egypt, who insist on the participation of all five permanent mebers of the UN Security Council.

Kampuchean relief 'adds to refugee agony'

By Christian Tyler

THE plight of 250,0000 refugees from Kampuchea, living in eight camps just across the border in Thailand, is a "humanitarian crisis of international proportions," according to an official of the aid agency Oxfam who recently visited the region.

The UN relief effort, supported by major powers such as the US, Japan, China and the European Community, is only prolonging the misery, according to Mr Tony Jackson, whose report is published this week.

Foreign aid, currently about $36m a year, should be continued only where it can be properly monitored, the report says. There was evidence that it was being used by the Khmer Rouge troops.

Diplomatic pressure was urgently needed to resolve the legal status of the refugees, who had been made virtual hostages to justify the coalition government in exile of which the Khmer Rouge is still in military terms the strongest part.

The Oxfam report says that the UN's recognition of the coalition government of Democratic Kampuchea has, in humanitarian terms, "very serious negative consequences."

To break the impasse, the UN should declare the Kampuchean seat empty, to allow negotiations between non-Communist groups and the Vietnam-backed Heng Samrin government.

Meanwhile, the refugee camps should be moved back from the border by agreement with the authorities in Thailand.

US GIVES WARNING TO MANILA THAT TALKS ON BASES WILL TEST RELATIONS BETWEEN THE COUNTRIES

Shultz states position on Philippine bases

THE US Secretary of State Mr George Shultz said yesterday that US military bases were in the Philippines for regional security, not local financial benefit, AP reports from Manila.

Mr Shultz was quoted as telling members of the Philippine Congress that if the installations become a "purely business proposition" the US did not want them.

The issue of the US installations at Clark Air Base and Subic Bay Naval Base is expected to emerge in the coming months as a major source of conflict between the US and Philippine leaders who want the most possible US aid as a condition for continued American use of the facilities.

The current base agreement expires in 1991 and negotiations on a new pact are scheduled to begin next year.

Although the US makes no direct payments to the Philippine Government for use of the installations, most Philippine politicians link their willingness to renew the agreements to US willingness to donate large sums for economic, development and military aid.

At a news conference after meeting President Corazon Aquino and newly elected members of Congress, Mr Shultz rejected that linkage.

"I do want to make it clear that the concept of doing something that is mutually beneficial is the correct concept, not one in which one party rents something from another party," he said.

That implied, he said "that the party doing the renting is not too happy about it and that it's a matter of finance."

"I think in the case of the bases at Clark Field and Subic Bay, the presence of the United States there is something that leads to stability here and stability throughout the region," he said.

Mr Shultz made the point more bluntly at a private meeting with 12 members of the new Philippine Congress, several of them said.

Senator Leticia Ramos Shahani, sister of Armed Forces Chief of Staff Fidel Ramos, said Mr Shultz expressed concern that the base agreement would become a "purely business proposition" if the Philippines insisted on the payment of rent.

At his news conference, Mr Shultz also said Mrs Aquino had a sound strategy for defeating the communist insurgency and that the government's efforts to reduce poverty levels should convince the guerrillas to "come out of the hills

RIVAL MOSLEM guerrilla groups said yesterday they had agreed to bring together the fractious rebel movement and present a united front to negotiate for autonomy in the southern Philippines, Reuter reports from Manila.

Local leaders of three groups made the announcement as a government negotiator warned that tens of thousands of Filipinos would die if peace talks between the government and the main Moro National Liberation Front (MNLF) failed and war broke out.

Government and MNLF negotiators are maintaining informal contacts to revive the talks, which have been stalled since last month after failing to agree on terms for self-rule.

The MNLF headed by Nur Misuari has demanded immediate Moslem autonomy for 13 southern Philippine provinces. The government said any autonomy agreement must be approved by a plebiscite

Both sides also disagree on the extent of powers to be given to Moslems, specially on matters of national defence.

Students step up battles in S Korea

By Maggie Ford in Seoul

SEOUL POLICE again allowed thousands of demonstrators to hold an anti-government rally at the city's main cathedral yesterday as students continued violent protests on campuses.

About 2,000 people chanted slogans calling for democracy as about 400 people continued a sit-in within the cathedral grounds.

At about 50 universities nationwide, 40,000 students stepped up their battles with police, throwing stones and Molotov cocktails and being bombarded with tear gas in return.

The National Council for Constitutional Democracy, which organised the rally last Wednesday which sparked off the demonstrations, asked people to register their feelings about the use of tear gas tomorrow by blowing their car horns at 6 pm.

Millions of blacks stay away for Soweto Day

BY ANTHONY ROBINSON IN JOHANNESBURG

MILLIONS of South African blacks marked Soweto Day, the most emotive date in the country's political calendar, by staying away from work yesterday.

In Soweto, where a peaceful protest by schoolchildren against the obligatory use of Afrikaans was fired on by police 11 years ago, people sat in the winter sun in their small gardens or walked streets heavily patrolled by army and police.

Roadblocks were set up across all the entrance routes to the sprawling township, of over 2m inhabitants.

Some employers have already agreed to union demands for June 16 to be a paid holiday, but the majority apply the "no work, no pay, no victimisation rule."

The black trade unions, the United Democratic Front (UDF) and other anti-apartheid organisations, called on their supporters and members to observe Soweto Day "with the dignity it deserves."

The stayaway was most marked around Johannesburg and in the Eastern Cape, where many factories such as the Volkswagen plant at Uitenhage were closed, but was much less effective in the Druban area and the Western Cape

Sara Webb reports from Stockholm: The Rev Allan Boesak, the South African theologian, yesterday condemned Britain and other members of the international community for their failure to withdraw their support for the South African régime, and said that it was no longer possible to resort only to non-violent means of changing apartheid.

Tambo calls for 'massive revolt' in South Africa

BY VICTOR MALLET IN LUSAKA

THE AFRICAN National Congress (ANC), the black nationalist opposition group which is trying to overthrow the South African Government, yesterday called for "a massive revolt on all fronts" in South Africa during June.

In a message to mark the 11th anniversary of the start of the Soweto riots in 1976, Mr Oliver Tambo, ANC president, said there was a sharpening confrontation between the Pretoria Government and its opponents.

"The first four months of 1987 have witnessed a rising militancy and resolve among the black workers unprecedented in the history of our struggle," Mr Tambo said in his statement, which is being beamed to South Africa by the ANC's Radio.

"There have been more workers' strikes during these four months than the whole of last year."

"We call on all democratic and patriotic South Africans to ensure that the month of June witnesses a massive revolt on all fronts," Mr Tambo said.

He called for general strikes, increased armed combat, and a nationwide refusal to pay rents. He urged his supporters to strengthen street and village committees striving to establish alternative local administrations.

Mr Tambo appealed to whites to abandon the Government and the armed forces and help blacks oppose the authorities.

AP reports from Washington: Brig-Gen Rafajl del Pino Diaze the Cuban general who defected to the US last month, has told American interrogators that 10,000 Cuban troops have been killed in Angola since 1976, according to senior US officials.

ADVERTISEMENT

INSIDE CORPORATE STRATEGY

United Paper Mills:

Popular Paper

In the largest ever international issue by a Finnish company, United Paper Mills offered investors 2.5 million 20-mark preference shares last month.

"In fact the shares were fully subscribed before we got down to selling them," says Niilo Hakkarainen, managing director of the country's most profitable papermaker.

The group also boasts a unique structure of management that decentralises investment planning.

By Patrick Humphreys, Nordic Communications Corporation

UPM's Hakkarainen: Decentralising investment planning

UPM was the company that brought newsprint production back to the United Kingdom. The new mill at Shotton, North Wales opened in May 1985 after a rash of UK papermaking closures. "It was a completely logical investment," insists Niilo Hakkarainen. "Britain had the market and UPM had the technology to make newsprint from local spruce alone."

While other papermakers were complaining about high costs of raw materials, UPM set about developing ways of cutting inputs. Thermomechanical pulping (TMP) is ideal for producing printing papers, yielding up to 50% more printing area from the same amount of wood.

"We built the Shotton mill to last 20 years," says Hakkarainen. "After 2 years, it's still the most modern newsprint mill of its type in the world." It is also a highly profitable part of the UPM Group.

Incentive through responsibility

United Paper Mills has consistently achieved the best return on capital employed of any Finnish forest industry company. Last year it topped the league again with pretax profits of 8.4% of turnover. Return on capital employed was nearly 14%.

Technology is only half of the reason. The other half is management. The UPM organisation is divided up into 13 business units. This means more than just separate profit-and-loss accounting: each unit can independently allocate half of its net profits for investment.

Hakkarainen points out that they can't be "completely independent, but there's only been one occasion when I've overruled an idea since the scheme was introduced in 1975."

UPM believes in incentive through responsibility, not direct physical reward. "Salaries do reflect results to some extent, but if a unit manager were to receive a bonus based on profits, his interests could become very short term. In our system, a successful unit can have tens of millions of marks to invest and this is what gives management the incentive to succeed."

New kinds of paper

Independence encourages innovation, the theory goes. United Paper Mills' TMP technology, vital to Shotton's success, was the result of ten years of research and development. Another innovative UPM skill, dry-forming paper without the use of water, is the key technology at a second mill being built at Steinfurt, West Germany.

UNITED PAPER MILLS

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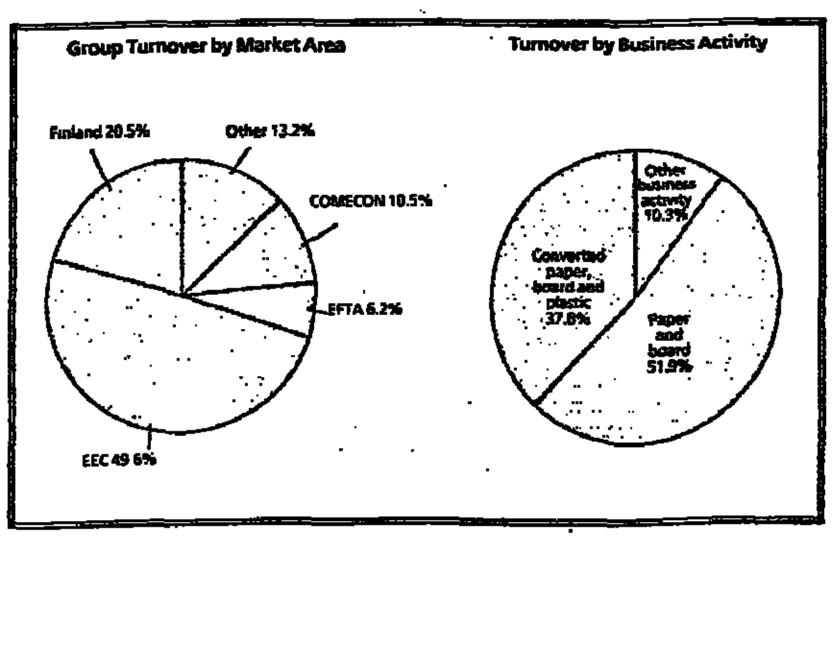
Key statistics, financial year ended 31 December 1986

Number of employees 9,510		
Turnover	FIM	4,781 million
Capital expenditure	FIM	777 million
Profit before appropriations and taxes	FIM	402 million
Return on capital employed		13.9%



Most production, though, is in Finland. The group is currently concluding a 1½ billion mark project to expand its Kaipola Mill. When the new paper machine comes on stream later this year, it will produce 170,000 tons per annum of lightweight coated (LWC) printing papers. UPM sees increasing global demand for the kind of high quality paper used for magazines and catalogues. It already provides about 10% of EEC supercalendered printing paper and about 5% of newsprint.

UPM paper made in Finland is marketed abroad by the Finnish Paper Mills Association, Finnpap. United Paper Mills is one of the association's two largest members, and its share of Finnpap sales accounted for 15% last year.

"Finnish papermakers are not particularly large, yet we have the most exposed position when it comes to exporting. The Canadians have a large US market on their doorstep. Even the Swedes have a domestic market of some size.

Finns have to sell over 80% to the world, and maintaining a marketing network like that would be too great a burden for a small firm alone."

Leading the pack

Not that Finnpap has brought a truce to rivalry between Finnish mills. Shotton's full output, for example, is sold directly in competition with Finnpap exports, to the discomfort of other members. Retorts UPM's managing director: "So what. Anyway, it's water under the bridge now." At least one rival is planning to follow UPM's lead and build its own UK mill.

The group's second main business area is paper and plastics converting-packaging, stationery, disposables and self-adhesive labels. Labelstock is anothe piece of successful R&D: established only ten years ago, this business unit now accounts for 10% of group turnover. UPM holds 25% of the EEC market.

As for future products, much depends on the plans of the business units. "We are going to remain a paper producer. But this management system gives us great speed and flexibility. It gets our top racers running as fast as they can. We just have to make sure they are running in the right direction."

Fraud hits California savings institutions

By Louise Kehoe in San Francisco

AN "EPIDEMIC" of insider fraud in the California savings and loan industry is the leading cause of failures among the state's thrift institutions, members of the Congressional house subcommittee on commerce, consumer and monetary affairs were told during hearings in Los Angeles.

With over 200 savings and loan institutions, California ranks as the leading state for the industry. Over the past three years, 31 California savings and loans institutions have failed, costing the Federal Savings and Loan Insurance Corporation an estimated $3.7bn.

Fraud has played a major role in these failures, according to Mr Doug Barnard, the committee chairman.

He said: "The subcommittee's investigation strongly suggests that misconduct by industry insiders, by major borrowers and by appraisers has become the leading cause of thrift insolvencies here and has reached epidemic proportions.

"Although wide-ranging financial institution misconduct is neither unique to California nor the thrift industry, and while many West Coast thrifts are well-run and profitable, it is difficult to escape the conclusion that California leads the nation in financial institution white-collar crime," Mr Barnard said.

Testifying before the committee, Mr William Crawford, Commissioner of the State Department of Savings and Loan, even suggested that "the best way to rob a bank is to own one."

Interim head of Peru Central Bank named

The Peruvian Government has named as interim chief of its central bank, Mr Carlos Capunay, one of the three representatives of the Senate who sit on the bank's board, writes **Barbara Durr in Lima.**

It is widely speculated that Mr Javier Tantalean, the current chief of the National Planning Institute and one of the key figures in Peru's heterodox economic programme, will be appointed as the new central bank president.

US defends plan to guard Kuwaiti shipping in Gulf

BY LIONEL BARBER IN WASHINGTON

THE Reagan Administration yesterday defended its plan to protect Kuwaiti shipping in the Persian Gulf, arguing that failure to act would risk an escalation of Iranian threats against the neutral Gulf Arab states.

Mr Caspar Weinberger, US Defence Secretary said in a report sent to Congress that the US was aware of the risks involved in the expanding US Gulf role, but the risks of alternative courses were higher.

Mr Weinberger also repeated President Reagan's argument in his televised speech to the nation on Monday night that "if we don't do the job, the Soviets will."

The report was prepared in response to a request by Congressional leaders who were worried that the Administration commitment to Kuwait could risk sucking the US into the Iran-Iraq war. Democrats, highly sceptical of the escort plan, have urged Mr Reagan to either shelve or drop it.

The 30-page unclassified report — following up on a detailed classified plan sent to Congress on Monday night—set out the plan to protect 11 Kuwaiti oil tankers from possible attack by Iran by placing them under the US flag.

The report said that this was not an open-ended unilateral commitment to defend all non-beligerent shipping in the Gulf. "It is a limited but effective signal to stand up to intimidation to support our friends, and to help contain and eventually end the Iran-Iraq war."

The unclassified report gave no indication of the rules of engagement to be followed by US navy vessels patrolling the Gulf and protecting the tankers. But they are believed to have been tightened following the inadvertant attack by an Iraqi warplane on the US frigate Stark

● Japan opposes any super-power presence in the Gulf because it would increase regional tension, Japanese Foreign Minister Tadashi Kuranari said in Iran yesterday.

Japan imports 60 per cent of its oil through the Gulf and suspended sailings into the northern part of the waterway last month after a Japanese tanker was attacked by Iran.

US trade deficit down 2.3%

By Nancy Dunne in Washington

THE US continued its relentless slide into debt in the first quarter as its trade deficit in goods and services hit $37.12bn, according to the US Commerce Department.

Although the precise extent of the debt will not be known until it is released by the Government next Tuesday, it is estimated that US debt now stands at more than $250bn, making it easily the world's largest debtor with Brazil, owing $108bn, in second place.

The imbalance in the nation's current account improved slightly in the first quarter, edging down 2.3 per cent from the final three months of 1986, when the trade deficit hit a quarterly record of $38bn.

Other government indicators released yesterday provided mixed news. The Federal Reserve Board said production in US factories, mines and utlities rose 0.5 per cent in May and fell less than had been previously thought in April.

Instead of a 0.4 per cent drop in production in April, the new estimate showed a drop of only 0.1 per cent. Production of durable goods shot up 0.8 per cent in May while non-durable consumer goods producers raised their production 0.6 per cent.

Costa Rica steps up efforts for summit

BY ROBERT GRAHAM, LATIN AMERICA EDITOR

PRESIDENT Oscar Arias of Costa Rica is due to meet Mr George Bush, the US Vice-President, in Washington on Thursday to seek clarification of the Reagan Administration's attitude towards his proposed peace plan for Central America.

The plan was due to have been discussed at a summit of the five Central American leaders in Guatemala on June 25 but the US's two main allies in the region, El Salvador and Honduras, have objected that there has been insufficient preparation, causing doubts about the meeting and also about the fate of the plan itself.

President Arias is in the US on a pre-arranged visit and was due to meet with Mr Bush but Costa Rican officials said yesterday the focus of the meeting had now changed and would be exclusively concerned with efforts by the US to use its influence on El Salvadfor and Honduras to persuade them to endorse the summit.

In private Costa Rican officials are critical of Nicaragua for having failed to provide a written preparatory document for a prior foreign ministers' meeting in Honduras, which appeared to provide El Salvador and Honduras with the excuse to call for a postponement of the summit.

George Bush

But they are also dismayed by the lack of political will being displayed by the Salvadoreans and Hondurans who until last week-end supported the summit since the Arias peace plan was first announced in February.

According to the Costa Rican Foreign Ministry yesterday, President Arias is still hoping to go ahead with the June 25 summit but recognises a postponement is more likely.

Already there is talk of a delay until early August. But any postponement risks damaging the plan's credibility.

In a separate move to try and salvage the summit President Vinicio Cerezo of Guatemala yesterday despatched senior envoys to El Salvador, Honduras and Nicaragua. President Cerezo has given his firm backing to the Arias plan and made a series of thinly veiled attacks on the US whom he sees as trying to undermine attempts to bring about peace in Central America.

The Arias plan builds upon the four year-old Contadora initiative promoted by Colombia, Mexico, Panama and Venezuela, and lays greater emphasis on democratisation.

Although the US Senate has backed the plan, the Reagan Administration has been far more cautious indicating its unwillingness to forego its backing of the anti-Sandinista contra rebels.

The difficulties of the Arias plan come at a time when the Soviet Union has signalled that it is unwilling to provide open-ended support for the Marxist-orientated Sandinista Government, and moves by the Contadora Group to examine fresh ways to assist Nicaragua in return for political concessions.

Mexico's exports stage recovery

By David Gardner in Mexico City

MEXICO'S exports have recovered almost to their levels of two years ago, before the 1986 collapse in the price of oil, its main export, which wiped 40 per cent or $8.5bn off the 1985 value of its foreign sales.

But, whereas in 1985 crude exports made up 70 per cent of foreign sales, oil's share in exports has now dropped to about 40 per cent, despite the recent recovery in its price, and non-oil exports account for about 60 per cent of the total.

The most optimistic reading of the preliminary figures reveal that Mexico is at last diversifying away from its dependence on oil and that the de la Madrid Government's much-vaunted structural reform of the economy is beginning to bite.

This year, non-oil exports have been running at about $1bn a month, against $700m a month and, in the last couple of months, $800m in oil earnings.

Preliminary figures from the Planning Ministry and Bank of Mexico show that non-oil manufactured exports grew 52.6 per cent in the first quarter, while sketchier figures for this quarter indicate a rise of about 48 per cent, against the same periods last year.

The overall non-oil sector performance, furthermore, tends to be understated as a result of an approximately 30 per cent decline in the value of agricultural exports, mainly of coffee and tomatoes.

In balance of payments terms, this performance gives Mexico a $3bn trade surplus to the end of April (twice its originally forecast surplus for the whole year), and a $2bn current account surplus. This compares with yearly trade surpluses of $4.6bn last year and $8.5bn in 1985, and a current account deficit for the whole of last year of $1.3bn, and a 1985 surplus on current account of $1.2bn.

It is both assumed and hoped that Mexico will not sustain this performance in the second half, since, despite the promise of diversification, the figures reveal that imports remain damagingly depressed, despite major import liberalisation, investment and overall manufacturing output have hit rock bottom, and wages and employment have been depressed to politically inflammatory levels.

Deadline with a difference for banks with Third World debt

Alexander Nicoll looks at an Argentine initiative

MANY deadlines have come and gone in the five years of the developing country debt crisis. Today's, however, is the first to offer banks an immediate financial incentive if they meet it.

Banks which commit themselves to take part by today in Argentina's †1.95bn new loan, part of a complex and innovative financial rescue package, will receive a fee of 1 of a percentage point. If they do so within the next month, they get ½. After that, no fee at all.

The level of commitments by banks to the Argentine deal will be a test of their attitude to providing new money for problem debtors — particularly for Brazil which, with the announcement of an austerity package at the weekend, has taken the first step towards negotiations with creditors.

The likelihood of new bank loans has been thrown into question by the difficulties in raising a $7bn loan for Mexico earlier this year and by the subsequent decisions of many banks — National Westminster became the latest yesterday — to increase their loss provisions for third world loans.

Argentina and major creditor banks arranging the deal have incorporated new finacing options into the package in an attempt to speed its acceptance and make it more attractive for banks either to take part or to opt out, thereby ending the tiresome process of trying to cajole them into each deal.

The Argentine loan is thus the prototype of the so-called menu approach which was endorsed by leaders of the industrialised world at the Venice summit last week.

Early indications are that a reasonable size of commitments will flow in by today's deadline, although Citibank, as the receiver of the telexes, was predictably hazarding no forecasts yesterday.

On the positive side, major banks which have recently made loan los provisions are likely to take part if only to back their statements that, despite expanded provisions, they remain willing to take a constructive approach to the debt problem and to put up new finance for developing countries.

On the other hand, the bad feeling created by the Mexican loan persists. British banks, for example, want to make certain that US banks put up their share of the loan. The Argentine package was designed before Citicorp set the trend for extra provisioning, and bankers are reasonably satisfied—though not overconfident—about the performance of the Afgentine economy.

Brazil's situation, however, will be altogether different. Bankers do little to disguise their disgust with the Brazilian government's handling of the economy last year, allowing it to slide into chaos from a position in which it could reasonably have been expected to receive new voluntary lending.

With their loss provisions strengthend, however, they are likely to hold out for a new Brazilian financial package to be backed by an economic programme which has the backing of the International Monetary Fund.

Mr John Melbourn, general manager of the international division of National Westminster, said yesterday that Brazil's announcement of new economic measures was encouraging. Extra provisions, however, "will make firmer our resolve to ensure an IMF presence in some way." He also sought leadership from the Paris Club group of sovereign creditors and expressed disappointment about their decision earlier this year, to reschedule Brazilian debt without an IMF accord.

Details of what Brazil will require remain extremely hazy. Officials said in Basle at the weekend that the financing need for this year was $7.1bn, including $4.3bn of interest payments withheld from banks. But this does not indicate Brazil's actual borrowing needs.

Uncertainties include:

● The size of the Brazilian trade surplus which has turned round and could, officials say, actually exceed the targetted $8bn.

● The amount of debt relief that Brazil succeeds in negotiating with the Paris Club.

● The financing of $1bn which Brazil owes the IMF this year. It is unclear whether Brazil's hoped-for approval by the IMF of its programme would go as far as a new standby credit from the IMF.

● The size of credits Brazil hopes to receive from the World Bank.

● The treatment of delayed interest payments to banks. Negotiations with banks, due to begin in early July, are widely evpected to include discussion of capitalisation of interest — probably as an option to be offered to banks as an expansion of the "menu."

Gatt move fails to stem surge in protectionism

BY WILLIAM DULLFORCE IN GENEVA

THE STRIKING discrepancy between governments' trade behavior during the Uruguay Round and their public commitment to trade liberalisation is highlighted in a confidential report submitted yesterday to a special session of the council of the General Agreement on Tariffs and Trade.

In the six months following world trade ministers' decision at Punta del Este last September to launch the Uruguay round, the retreat from free trade has continued unabated, the report on trade developments perpared by the Gatt secretariat demonstrates.

Trading disputes escalated during the period and the number of "grey area" measures adopted by governments to circumvent Gatt rules grew. During the half year to the end of March Gat recorded 116 such measures compared with 93 for the previous six months.

It singles out agricultural trade, particularly in grains, where the competitive export subsidies of the US and the European Community forced the Australian and Canadian governments to support their wheat farmers with direct subsidies, in Australia's case for the first time.

Also highlighted is the European Commission's controversial proposal to introduce a so-called "stabilisation mechanism" for oils and fats as part of a Community farm price package. This has been attacked by US and third country exporters of vegetable oils who regard it as a direct contradiction of the statement of intent on agriculture made by ministers at Punta del Este.

Government subsidies to ailing industries increased during the period and were also used to promote new industries.

The semi-conductor deal between the US and Japan, about which the EC has complained to Gatt, is dealt with at length. Washington's action in imposing retaliatory import charges, when it decided Japan was not sticking to the agreement, is the first of its kind outside Gatt, the report notes.

Another US innovation in trade protection, on which the report focuses, is the invocation by the US Trade Representative's office of section 305 of the Trade Act, a rarely used measure, to initiate an investigation of Japanese practices over supercomputers.

Resistance by West Germany and Switzerland to US pressure for them voluntarily to restrain exports of machine tools to the US is mentioned favourably.

Countries' use of countervailing duties and anti-dumping actions — permissible under Gatt in stringently defined circumstances — intensified after Punta del Este. At the end of March 555 anti-dumping measures were in force, compared with 479 six months earlier.

A new twist was applied to anti-dumping practice in February, when the European Commission proposed to amend legislation in order to counter so-called "screwdriver" operations, under which foreign manufacturers export components to the EC for local assembly. Japanese manufacturers claim the amendment would infringe Gatt rules.

THE Geneva-based council of the General Agreement on Tariffs and Trade was expected to vote today on a panel report condemning a small US tax on oil imports, reports Nancy Dunne from Washington.

The tax was imposed last year by Congress as part of a package to finance a $9bn toxic waste clean-up programme. Under the plan, $2.7bn would come from taxes on petroleum, with 11.7 cents a barrel tax imposed on imports and an 8.2 per cent a barrel tax on domestic crude.

Mexico and Canada, backed by the EEC, argued that the 3.5 cents differential between the price of foreign and domestic crude was illegal. The US claimed the difference was so small that no damage actually resulted.

Mr Gary Holmes, a spokesman for the US Trade Representative, said the import fee imposed under the superfund legislation could not be removed unless Congress votes to do so. If the US is to provide compensation to the oil producing nations then damage must be proved.

UN to vote on terrorism at sea convention

By Kevin Brown, Transport Correspondent

THE International Maritime Organisation, the shipping agency of the United Nations, is expected to vote shortly to adopt a draft convention intended to combat terrorism at sea.

The draft has been produced by a working party set up in the wake of the hijacking of the Italian cruise ship Achille Lauro in the Mediterranean in 1985, when an American passenger was killed by Palestinian terrorists.

The IMO subsequently issued guidelines tightening security at ports and on board ships in an attempt to prevent similar incidents. This was regarded as insufficient.

The draft convention is based on the Hague and Montreal conventions on the safety of civil aviation, together with UN conventions on the protection of diplomats, taking of hostages and prevention of torture.

Its effect would be to create a legal framework for dealing with terrorist incidents at sea, and to make clear which states should take responsibility for apprehending and punishing the offenders.

It defines a terrorist act as the use or threat of force or intimidation to take control of a ship, and sets out which of the countries involved in an incident is to take action.

This might be the flag state, the country of registry, or the government in whose territorial waters an incident took place. There is also provision for action by states whose citizens are involved in the incident, either as terrorists or victims, and by government subjected to blackmail.

Alleged offenders would then have to be extradited or prosecuted. Penalties are left to governments to decide, but they would have to take into account the "grave nature" of the offences.

The draft also places an obligation on governments to assist others attempting to deal with a terrorist threat, and to prevent the use of their territory for training by terrorists.

The convention would not apply to naval, customs or police vessels, but it is extended by a protocol to cover oil drilling platforms.

Peter Montagnon assesses reaction to a possible cross border treaty

Nervous Gatt eyes US-Canada talks

TRADE RELATIONS between Canada and the US are attracting increasing international scrutiny as the two countries struggle towards a free trade agreement in negotiations due to be completed by the end of September.

The talks are the first major bilateral trade discussions to cover the new areas like services, investment and intellectual property rights, which are to be incorporated into the General Agreement on Tariffs and Trade, since the Uruguay Round was launched.

The international community is looking to them not only for specific indications of how these issues might be handled by the Gatt, but also to assess how strong the US commitment to free trade is in practice.

Reagan Administration officials make no secret of their belief that their talks with Canada should provide "some useful precedents" for the Gatt. According to Mr Harry Freeman, a senior executive of American Express who heads the newly formed private sector American Coalition on Trade Expansion with Canada, the talks give practical expression to the abstract concept of trade in services which is now under the spotlight in Geneva.

"If you make an agreement with Canada, then you can think of precise ways in specific companies would be affected," he says.

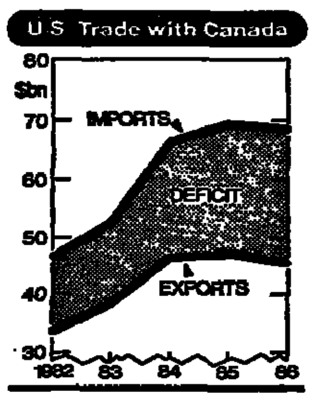
Yet even at this late stage the actual relevance of the talks for the Gatt round remains a matter of controversy. The US needs to have a draft agreement ready for Congress before its "fast-track" negotiating authority runs out in early October, and it remains uncertain whether a substantive agreement can be reached by then.

Some international trade officials argue that the implications for the Gatt round of any such agreement would be limited at best and downright negative at worst.

Within the Gatt itself there is a natural suspicion of bilateral trade agreements, which officials regard as rarely, if ever, being about free trade

Gatt was not happy with the free trade agreement concluded between the US and Israel a couple of years ago. Now it is preparing to play down the importance of the US-Canada talks even though they affect a far greater volume of trade. At $124.5bn last year two-way trade between the US and Canada was the largest trade flow between the two countries anywhere.

The feeling in Geneva is that the outcome of the discussions will provide some pointers over how far the US is prepared to deal on trade, but not much more than that. Success after a year of bilateral negotiations would not mean that the formulae adopted by the US and Canada will automatically be taken up by the four-year multilateral Uruguay talks. Failure would not spell disaster for the Uruguay round either.



Gatt distrusts bilateral trade agreements because they militate against the multilateral approach that is the hallmark of its philosophy. Far from providing a boost to the Uruguay round the conclusion of a substantial free trade agreement between the US and Canada could point the way towards an increasing fragmentation of the world trading system, some officials fear.

Taiwan has already suggested a bilateral agreement of its own with the US, and though the US has not taken up the idea officials acknowledge that failure of the Gatt round would lead to negotiations on similar free trade agreements with its trading partners in the Pacific.

At the heart of the Canada/US talks is a Canadian desire for exemption from US retaliation in trade disputes. The US wants complete freedom to make secure investments in Canadian industry. On both sides of the border these are controversial issues, so controversial that the negotiations have so far been conducted in tight secrecy.

It is clear that the two sides still have a long way to go to reach an agreement. Just before the recent Venice summit Mr Clayton Yeutter, US Trade Representative, said "almost all" the outstanding issues were still unresolved, although he was optimistic

Officials in Washington hope that an agreement with Canada will constitute much more than a pledge to phase out tariffs which average some 10 per cent on the Canadian side and 5 per cent on the US side.

Canada is unlikely ever to obtain complete freedom from US trade retaliation, but whatever arrangement, such as an arbitration commission, is finally reached for handling trade disputes, they might also be applicable to broader efforts to improve and speed up the workings of the Gatt in this area.

The talks on trade in services also may leave many detailed questions unanswered, but the hope is they will provide some specific indications for the Gatt.

A case in point is the problem of reconciling the concept of national treatment, which means the need for regulators to treat all companies equally in a given sector regardless of the nationality of ownership, with the doctrine of reciprocity that has traditionally applied in the financial sector.

National treatment would mean that US banks would be allowed to establish investment banks in Canada, but because of the Glass-Steagall Act Canadian banks would be unable to do the same in the US. The thorny question which has yet to be answered is whether it is possible to have national treatment without reciprocity.

Yet by linking the talks to the Gatt round and using them as evidence of its determination to pursue free trade, the US has also raised the stakes for itself. Whatever the implications may be in practice, the fact is that in the public perception the two sets of talks have become linked.

"If the US can't make a broad agreement with Canada, then how is the world going to be able to make any progress in the Gatt?" says Mr Edward Carmichael of the C D Howe Institute, an economic think-tank in Toronto.

Airbus wins $400m US order

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS Industrie, the European airliner manufacturing group, has won a $400m order from the US-based International Lease Finance Corporation for six Airbus aircraft—three twin-engined 150-seater A-320s and three of the projected new 300-plus seater A-330s. ILFC may buy more Airbuses in the near future, for onward sales to world airlines.

The medium range A-330 is part of the new Airbus Industrie A-330/A-340 programme formally launched earlier this month. The A-340 is a four-engined aircraft intended for very long distances.

Mr Steven F. Hazy, president of ILFC, which only last week ordered 18 Boeing jet airliners of various types in a deal worth several hundred million dollars, said in Paris yesterday that his leasing organisation "is seriously considering ordering additional A-320 and A-330 aircraft, and is evaluating the long-range A-340."

Mr Jean Pierson, president of Airbus Industrie, said that "leasing aircraft is a very important option for many airlines. ILFC is recognised as one of the leaders in the leasing field, and Airbus looks forward to working with them in placing the aircraft with the airlines."

The ILFC A-320s will use Franco-US CFM International CFM-56-5 engines, and will be delivered in 1991, while the A-330s will use General Electric CF6-80C2 engines, and will be delivered in 1993 and 1994.

The ILFC order brings firm sales of the A-320 to 282 aircraft, while there are now total commitments for 130 aircraft from 10 customers for the A-330/A-340 programme.

Another major order announced at the Paris International Air Show yesterday was a £20m deal from Presidential Airways of the US for 10 of the twin-engined British Aerospace Jetstream 31 turbo-propeller airliners.

Short Brothers, of Belfast, announced a £6m order from CCAir of the US, a major regional and commuter operator, for two of the improved Short series 360-300 twin-engined commuter aircraft, with an option on another three.

Aerospatiale, the French aircraft manufacturer, revealed yesterday that it is studying the possibility of building a new 100-seater airliner for short-range work, to be powered by the revolutionary new prop-fan engines that give much lower fuel consumption than jet engines.

Shortages force Argentina to import $140m of oil

BY TIM COONE IN BUENOS AIRES

FINANCIAL AND administrative problems withiln Argentina's state oil company, Yacimientos Petroliferos Fiscales, have provoked fuel shortages in recent weeks and a decision by the government to import 1m cubic metres of petroleum products at an estimated cost of $140m.

The products are to be bought on the open market through Interpetrol, the YPF sublsidiary over the next 90 days. The director of the Interpetrol says countertrade arrangements are under discussion "with various countries" with a view to export products such as corned beef and tractors, to reduce the foreign exchange drain on the central bank.

Argentina recently became self-sufficient in oil production, but YPF, which is Argentina's biggest company with a turnover of $4bn per year, is presently the focus of a sharp debate both within and outside the government, over efforts to privatise oil exploration

A reduction of government subsidies to state enterprises, as part of a financial stabilisation plan agreed with the IMF, resulted last year in a sharp drop of almost 40 per cent in the exploration effort by YPF and a 20 per cent drop in production.

Private sector production has meanwhile failed to fill the gap due to continuing differences over the wording of future exploration risk contracts.

The problem has been further exacerbated bya cold snap

Battle looms over off-balance sheet financing standards

Andrew Taylor reports on the conflicting views of lawyers and accountants on company accounting procedures

SHAREHOLDERS in Burnett and Hallamshire were shocked when the British coal mining and property group published figures 18 months ago revealing a sharp deterioration in the company's financial position.

The figures showed that by March 1984 Burnett and Hallamshire had total debts of £154m compared with shareholders funds of just £108m.

Only £71m of the debt had previously been shown in the group's main accounts. By using various accounting procedures Burnett had managed to keep another £83m of debts off its balance sheet by disclosing the transactions as contingent liabilities included as notes to the main accounts.

Burnett underwent a drastic financial reconstruction and remains in business. Accountants, however, remain worried about the growing number of companies which are using off-balance sheet financing schemes to improve the appearance of their balance sheets and make their financial performance look better.

The Accounting Standards Committee announced in March plans to tighten its auditing requirements for off-balance sheet financing schemes.

In particular it will be looking at the way in which companies have been using "controlled non-subsidiaries" to house assets and liabilities which the parent group is ultimately responsible for but does not wish to include in its balance sheet.

The committee also expects to tighten up its rules on artificial sale and repurchase deals which have been used by companies to support off-balance sheet financing arrangements.

It has a difficult task ahead. Previous attempts by accountants to stiffen reporting standards on off-balance sheet financing have been strongly opposed by the Law Society.

At issue is whether accountants have the right to introduce standards which, lawyers claim, could seek to override legal reporting procedures laid down in the 1985 Companies Act.

The Law Society has taken particular exception to a technical paper published last year by the Institute of Chartered Accountants in England and Wales which recommended that the economic substance of transactions, rather than their legal form, should determine where items appear in company accounts.

Feelings run high on both sides of this professional divide. The Law Society's attitude was bitterly attacked in a recent article in the monthly journal The Accountant.

Professor David Tweedie and Mr John Kellas, senior technical partners of Peat Marwick McLintock, Britain's biggest accountancy firm, claimed that the Law Society's advice "if accepted could paralyse accounting development in this country for years to come, bring accountancy into disrepute and would encourage the growth of off-balance sheet financing."

It would lead, said the accountants, to " some of our brightest accountants and bankers," continuing to be involved "in devising off-balance schemes, many of which by their very nature are designed to conceal information and mislead, rather than inform, the reader of financial statements."

The Law Society says it sympathises with the accountants' concerns but disgrees with the solution proposed by the English and Welsh institute, Britain's biggest professional accountancy body.

It argues that proposals which would leave individual auditors to determine which transactions were sufficiently material to be consolidated in group balance sheets would introduce a dangerous and undesirable subjectivity into financial reporting.

But the society's main objection is that the proposals, in many of the instances raised by the institute, would require companies to disobey the law on reporting procedures contained in section 228 of the 1985 Companies Act.

The lawyers claim that paragraphs three, four and five of section 228, would, in most cases, leave companies with no choice but to include necessery additional information as notes to the accounts rather than consolidating off-balance sheet financing schemes in the group balance sheet, as many accountants would prefer.

The society says that prior to changes in company law in 1981 – to bring Britain into line with the European Community's fourth directive on harmonising company reporting – accountants would have had no problem in introducing the kind of auditing standards they now wished to initiate.

What the accountants were now seeking would require changes in company law rather than changes in accounting standards.

The society's response places the Accounting Standards Committee in a difficult position.

It has no statutory power to enforce its standards. Its authority rests largely in the hands of auditors who can qualify company accounts which do not meet its standards.

If companies decide *en masse* that they are prepared to have their accounts qualified on the issue of off-balance sheet financing, the authority of the new standard would be seriously devalued and the committee would be able to do little about it.

At worst it could find itself facing court action if a company faced with an auditor's qualification decided to test the legal authority of a new off-balance sheet financing accounting standard.

The weakness of the committee's rejection of its standards by the corporate sector has been exposed before. Attempts to introduce an effective inflation accounting standard, for example, have been successfully resisted by many companies.

Property companies several years ago similarly rejected the committee's attempts to introduce an accounting standard for depreciation charges.

Mr Michael Renshall, the committee's chairman, says that in most cases there is high compliance with accounting standards. He believes that the committee's moves to redraft its accounting standards on off-balance sheet financing can overcome the objections of the lawyers and the companies they advise.

He says that problems over the treatment of "controlled non-subsidiary companies" may be resolved, anyway, by legislation which is due to be introduced to bring the UK into line with the requirements of the seventh European Community directive on consolidating accounts.

Even if new legislation does tackle this, it is difficult to see how the Law Society's views can be reconciled with the committee's statement in March which said: "If transactions and arrangements are not accounted for in accordance with their substance, the financial statements will not show a true and fair view. No amount of disclosure can make up for the use of an accounting treatment which is inappropriate."

It is here that the battle with the lawyers seems likely to be fought.

European airlines plan telex facilities

By Michael Donne, Aerospace Correspondent

IN-FLIGHT telephones for air travellers, already expected to become available within the next year, now seem likely to be followed swiftly by in-flight telex facilities.

Racal-Decca Advanced Development of the UK, in conjunction with the European Space Agency, is now experimenting with a satellite-based telex and data transmission system, and full-scale trials will start later this year in conjunction with Transportes Aereos Portugueses (TAP) Portugal.

Telex messages will be transmitted from a Prodat terminal and antenna installed on the aircraft via satellite to a ground station in Europe and onward to public telex and data transmission networks.

Prodat is a satellite communications relay system for data transmission between mobile users on land, sea and in the air. It will especially allow for aircrew data communications and passenger telex facilities via ground data networks throughout a flight, without resorting to often unreliable high frequency radio links.

The in-flight telex system will be tested in conjunction with the International Maritime Satellite (Inmarsat) Organisation's satellites, and the airline-owned international communications company, Sita (Société Internationale de Télécommunications Aéronautiques) which already passes millions of inter-airline messages annually through existing ground-based links.

Racal-Decca Advanced Development, in conjunction with Racal Avionics, has built the airborne data terminals and antenna equipment.

This will be installed on one of TAP's TriStar aircraft in September, for initial flight trials, followed by installation in one of the European Falcon Service's Falcon jets, a Boeing 767 of Varig of Brazil, a Sabena Airbus, the UK Civil Aviation Authority's turbo-prop Type 748 aircraft, and a Boeing 747 of Air France.

Seven of the European Space Agency's members are financing the trials – the UK, Belgium, West Germany, France, Italy, Norway and Spain.

Case tops tractor sales in first quarter

BY NICK GARNETT

CASE IH became market leader for the first time in the fiercely competitive UK tractor market by taking 24.3 per cent of sales in the first quarter of this year, leaping above Ford New Holland and Massey-Ferguson.

Ford, market leader in 1986 with 24.4 per cent of sales, almost held its share, taking 23.4 per cent of the market.

The big loser was Massey (part of the Varity Corporation). It held 20.1 per cent of the market last year, in second place, but in the first quarter it was pushed into third place with 18.4 per cent of sales.

Case IH, formed by the merger of JI Case's agricultural equipment business with that of International Harvester, has been the most price-aggressive company for the past two years. It is believed to have taken as much as 40 per cent of January sales as a result of discounting and offering big incentives to dealers.

Massey, which introduced its 300 and 3000 series of tractors last year, announced at that time that it would try to end discounting.

Massey also has introduced more sophisticated tractors. Its 3000 series offers a lot of electronics but carries a cost penalty at a time of depressed prices.

However, the company said that the series helped it to increase its market share in Scotland during the first quarter.

Sales of tractors in the UK look as if they will be down this year against 1986, itself the poorest market in terms of unit sales since records began.

Tractor registrations in the first five months of this year were 17.9 per cent down on the same period last year, according to the Agricultural Engineers Association.

Notice of Redemption and Termination of Conversion Rights

Komatsu Ltd.

(Kabushiki Kaisha Komatsu Seisakusho)

7¼% Convertible Debentures due June 30, 1990

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 1, 1975, as supplemented by a First Supplemental Indenture dated as of September 1, 1982 (effective as of October 1, 1982) between Komatsu Ltd. (the "Company") and First National City Bank (now Citibank, N.A. as the "Trustee") under which the above-designated Debentures were issued, $241,000 aggregate principal amount of the said Debentures of the following distinctive numbers has been drawn by lot for redemption on June 30, 1987 through the operation of the sinking fund at the redemption price of 100% of the principal amount thereof:

REGISTERED DEBENTURES WITH PREFIX LETTERS RM
(To be redeemed in full at $1,000 each)

2440	2542	2546	2550	2554	2558	2562	2566	2570	2574	2580	2627	2631	2754
2539	2543	2547	2551	2555	2559	2563	2567	2571	2575	2581	2628	2632	2755
2540	2544	2548	2552	2556	2560	2564	2568	2572	2576	2582	2629	2752	2756
2541	2545	2549	2553	2557	2561	2565	2569	2573	2579	2626	2630	2753	2757

REGISTERED DEBENTURES WITH PREFIX LETTERS RV
(The principal amount thereof to be redeemed appearing in parentheses after the number)

580 (1,000)	943 (5,000)	947 (5,000)	951 (5,000)	955 (5,000)
940 (5,000)	944 (5,000)	948 (5,000)	952 (5,000)	956 (5,000)
941 (5,000)	945 (5,000)	949 (5,000)	953 (5,000)	957 (5,000)
942 (5,000)	946 (5,000)	950 (5,000)	954 (5,000)	958 (5,000)

REGISTERED DEBENTURE WITH PREFIX LETTERS RX
(The principal amount thereof to be redeemed appearing in parentheses after the number)

1066 (10,000)

REGISTERED DEBENTURES WITH PREFIX LETTERS RB
(The principal amount thereof to be redeemed appearing in parentheses after the number)

1484 (4,000) 1489 (1,000)

COUPON DEBENTURES WITH PREFIX LETTER M
(To be redeemed in full at $1,000 each)

962	1238	7773	44987	45013	45041	45095	45120	45140	45177	45191	45211	45244
967	1239	8472	44988	45015	45044	45097	45123	45144	45178	45192	45219	45263
971	5009	15803	44989	45016	45046	45100	45125	45166	45179	45195	45227	
974	6792	15804	44992	45018	45048	45101	45128	45167	45182	45198	45232	
978	7161	20870	45011	45031	45080	45102	45130	45169	45187	45203	45235	
979	7765	44973	45012	45034	45083	45111	45138	45172	45188	45204	45240	

The Debentures referred to above will become due and payable and, UPON PRESENTATION AND SURRENDER THEREOF (those Coupon Debentures to have all coupons appertaining thereto maturing after June 30, 1987) will be paid on said redemption date at Citibank, N.A., 111 Wall St., Corporate Trust Services, 5th Floor, New York, NY 10043, principal offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London, Milan, Paris, and Citibank (Luxembourg) S.A., and the principal offices of J. Henry Schroder Wagg & Co. Ltd. (London), Banque Europeenne de Tokyo, S.A. (Paris), Kredietbank S.A. Luxembourgeoise (Luxembourg), The Fuji Bank, Limited (London), The Bank of Tokyo, Ltd. (London) and The Sumitomo Bank, Limited (London), as the Company's Paying Agents. From and after said redemption date, interest on said Debentures will cease to accrue.

Interest payable June 30, 1987 to holders of fully Registered Debentures shall be paid to the persons in whose names the Debentures are registered at the close of business on the Regular Record Date which shall be June 15, 1987 and said interest shall be mailed to the registered holders. If the holder does not elect to convert, coupons maturing June 30, 1987 should be detached and presented for payment in the usual manner.

The above specified Debentures called for redemption may be converted at the option of the holders thereof into Common Stock of the Company, American Depositary Receipts ("ADRs") or European Depositary Receipts ("EDRs") representing Common Stock of the Company at any time prior to, but not after, the close of business on June 26, 1987 at a conversion price (with Debentures taken at their principal amount translated into Japanese Yen at the rate of ¥294.20 equals $1) of 348.70 Japanese Yen per share of Common Stock. At the Close of Business ON JUNE 26, 1987 SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL DEBENTURES BEING REDEEMED AS SPECIFIED ABOVE.

Due to a change in the Japanese Commercial Code effective October 1, 1982 the Company shall effect delivery of only that number of issuable shares, ADRs or EDRs representing a unit of 1000 common shares or an integral multiple thereof. For any conversion not resulting in an integral multiple of 1000 shares, the Company will pay a cash adjustment in United States Dollars based on the market price of the common stock on the Tokyo Stock Exchange and the dollar/yen exchange rate on the date of conversion. At the present time the conversion of a single $1,000 Debenture would result only in the payment of a cash adjustment and no shares would be issued. If converted on May 15, 1987 the cash adjustment would be approximately $3.781 for such $1,000 Debenture. If more than one Debenture is deposited for conversion at any time by the same holder, the number of shares issuable upon conversion shall be calculated on the basis of the aggregate principal amount of Debentures deposited.

In order to exercise the right to convert the above listed Debentures, the holder must deposit the Debenture on or prior to June 26, 1987 at any of the above mentioned offices of the Company's Paying Agents (acting as Depositories or Subdepositories) together with a written election to convert stating the name(s) and the address(es) of the person(s) to whom the ADRs, EDRs, common stock and/or cash adjustment is to be delivered. Bearer Debentures deposited for conversion must have the June 30, 1987 and all subsequent coupons attached. Fully registered Debentures deposited on or after June 15, 1987 must be accompanied by the interest payable on June 30, 1987.

On May 15, 1987, the closing sale price on the Tokyo Stock Exchange of the Common Stock was 630 Yen per share.

KOMATSU LTD.
By: CITIBANK, N.A., as Trustee

May 27, 1987

UK NEWS

Delay likely over sale of water assets

BY PETER RIDDELL, POLITICAL EDITOR

PRIVATISATION of water authorities is unlikely to start for at least two years in spite of the Government's determination to press ahead in the coming parliamentary session with as many as possible of the measures promised at the general election.

The Queen's Speech to parliament a week tomorrow, which will outline the Government's programme until the autumn of next year, will include bills on housing, education, rates reform, trade unions, criminal justice and copyright law. But the main legislation on water privatisation looks like slipping from then until the 1988-89 session.

Mrs Margaret Thatcher, Prime Minister, is, however, anxious to signal the Government's desire to get on with business urgently, both at home and overseas.

After attending the EC heads of government summit on June 29 and 30, it is likely that Mrs Thatcher will fly to Washington in July for talks with President Ronald Reagan. She believes such contacts are desirable after her re-election and given the recent movement on arms control negotiations.

The omission of the main bill on water privatisation, until 1988-89 would mean that the first flotations would not be until mid-to-late 1989. But a final decision has not yet been taken and a paving bill is likely to be included to allow authorities to prepare for flotation and for water metering.

The delay is partly a problem of timing since just before the election ministers changed the proposals and suggested the formation of a new National Rivers Authority to regulate the privatised authorities, instead of allowing them to regulate themselves.

The chairmen of several water authorities have protested about lack of consultation and about the details of the changes which some claim make privatisation less attractive. So there will now be detailed discussions, which would probably rule out an early bill.

Moreover, the Department of the Environment already has two measures, on housing and rates reform, which are regarded as top priorities, and there may not be the time or resources for a third important bill this year.

Mrs Thatcher is determined to avoid the position which arose after her 1983 victory when the first session was dominated by measures dropped at the election, pushing back newer measures. She believes *far-reaching and controversial bills* must be introduced early in the parliament.

The major bills in the coming session will not be ready until the end of the summer and will be introduced in October and November. They will include:

- Rates reform, with the new community charge and unified national business rate.
- Education, to establish national core curriculum, right of schools to opt out of local authority control and giving control of budgets to governing bodies.
- Housing, deregulation of new private lettings and reducing role of local councils in housing.
- Trade unions, extending rights of individual members.
- Copyright, reforming law on intellectual property rights, with levy on blank audio tapes.
- Licensing, liberalising of hours for the sale of alcohol.
- Immigration, tightening control over settlement.

Meanwhile, bills dropped with the election will be rapidly reintroduced, before the summer recess, including a finance bill dealing with profit-related pay and pensions, a criminal justice bill, and a measure to curb creative accounting by local authorities and to remove obstacles to competitive tendering for services.

The Channel Tunnel bill, a special hybrid measure which does not fall with an election, will be revived in the House of Lords and is likely to become law by mid-summer.

Monopolies inquiry on pain killer drugs

By David Churchill

THE SUPPLY of opium-derived drugs such as codeine and morphine, used in cough medicines and pain killers, is to be investigated by the Monopolies and Mergers Commission.

The pricing policy and profitability of the two major suppliers of such drugs in the UK – Macfarlane Smith, a subsidiary of Glaxo and the dominant UK supplier, and Boots – will also be investigated.

The total market value of the opium-derived drugs being referred to is estimated at about £20m. Neither Boots nor Glaxo had any comment to make last night about the inquiry.

Yesterday the Office of Fair Trading (OFT), which referred the supply of these drugs to the Commission, said that one of the factors that led to the investigation was the "high profits" made

It also wanted to know why "UK prices for these drugs appeared to be high as compared with export prices."

The OFT's decision to refer the industry also represents a challenge *to the Home Office's control* of the import and manufacture of drugs under the 1971 Misuse of Drugs Act.

Amstrad to launch new computer range in Britain

BY DAVID THOMAS

AMSTRAD, the fast-growing consumer electronics company, is launching a new personal computer range this month in the UK to add to its low-cost machine which became the biggest-selling personal computer in Britain soon after its launch last September.

Mr Alan Sugar, Amstrad chairman, has made this unexpected decision because he thinks the two ranges will sell to different customers, with the new, more expensive machines appealing particularly to larger companies.

Amstrad will also unveil a new *word processor in September*, which together with the new personal computer will be Amstrad's flagship products for the new year.

Amstrad launched its new personal computer, called the PC1640, earlier this month in the US, but Mr Sugar said then he was not planning to launch the same range in Europe until next year.

The company has now decided to launch the PC1640, which contains higher-quality graphical capabilities and other improvements over its existing PC1512 range, at a *personal computer exhibition in London* on June 30. The company said sales of the new machine, which would begin next month, would build up steadily throughout August and September.

Mr Sugar believes there will be considerable overlap between purchasers of the two ranges. However, he also thinks the new range will appeal more to computer managers in large companies while the existing range will appeal increasingly to people who want to have a powerful, but cheap machine in the home.

Amstrad will be launching an advertising campaign to persuade people to think of the cheaper machines as home computers. Mr Sugar believes the cheaper machines will continue to out-sell the new range in unit terms.

Mr Sugar said that computer managers in large companies had not bought many of the existing range, but many individuals in large companies had.

He said the new machines would be more attractive to specialist computer dealers while the existing range would continue to sell in large numbers through retailers.

Amstrad may tranfer more of its assembly work from the Far East to Europe because of the high value of *Far Eastern currencies. The company* has dropped the idea of diversifying into the white goods area.

Men and Matters, Page 22

Borrowing level boosts market

BY JANET BUSH

THE DEPRESSED mood in British financial markets swiftly brightened yesterday in response to figures showing that the Government *had unexpectedly repaid borrowings* last month.

The Government was able to make a net repayment in May of £374m, largely because of substantial privatisation receipts and the low level of local authority borrowing.

After borrowing of £1.77bn in April, last month's repayment gives a cumulative Public Sector Borrowing Requirement (PSBR) so far in 1987-88 of £1.4bn.

An average of independent forecasters had suggested a £800m requirement. Although it is difficult to judge the pattern of borrowing over the whole year from two months' data, yesterday's figures were seen as evidence that the Government's finances are on a sound footing and underlined confidence the Government will not overshoot this year's £3.9bn PSBR target.

The substantial undershoot of last year's £7.1bn target, leaving a PSBR *of only £3.3bn, and the Chancellor* of the Exchequer's decision to cut his target for this year from the £7.1bn previously envisaged, have been key factors behind the rebuilding of confidence in UK markets.

Sterling immediately recovered on yesterday's news, with its exchange rate index rising to a high of 73.2. It then drifted to close at 73.1 compared with Monday's closing 72.9. It closed European trading at DM 2.9859 compared with Monday's closing DM 2.9775 and \$1.6350 after \$1.6320.

At the same time, UK government bonds started recovering from their sharp losses this week and pulled back falls yesterday morning to end the day up to ¾ point higher.

Heavy profit-taking which had sent equity prices sharply lower yesterday morning was replaced by fresh buying. The FT-SE 100 index, at one stage down 25 points, ended 1.4 up at 2,309.0 while the FT Ordinary closed 7.9 higher at 1,794.5.

However, gains on financial markets were not reflected in money market rates which ended unchanged, suggesting that hopes of a near-term cut in base rates were not running high.

The Government's financial position has been helped so far this financial year by privatisation receipts totalling around £700m – £190m from the sale of Royal Ordnance in April and £500m in May from the first call on Rolls-Royce shares and some early payments of a call on British Gas shares. The bulk of about £1.8bn expected from the British Gas call is expected to be received in June.

In the comparable period last year, privatisation receipts totalled about £1.1bn.

Variety stores are alive and thriving says Woolworth chief

BY LISA WOOD

FT CONFERENCE
Retailing

A SPIRITED defence of the variety store and its future was given yesterday by Mr Malcolm Parkinson, chief executive of Woolworth. Mr Parkinson was one of several speakers at a two-day conference on retailing organised by the Financial Times and held in London.

"The fact of the matter," he said, "is that variety is not dead. In fact quite the reverse is true."

Numerous speciality operations had sprung up, including Sock Shop, Tie Rack and Body Shop, but the traditional retail stalwarts had prospered alongside them.

"Rather than question the future of variety retailing I would ask how these specialist chains will continue to grow once their niche markets have reached maturity."

Mr Parkinson highlighted the achievements of the new owners of Woolworth. He said 62 departments had been reduced to six, 50,000 lines had been reduced to 20,000 and 1,000 suppliers were used instead of 8,000.

"But despite the massive investment and disruption, we doubled our profit last year to almost £39m (\$63.5m) and we are going strong this year."

Boots has been accused of being a sleepy player on the high street. Mr Alan Ripley, managing director of *Children's World, Boots'* new children's shops, said Boots had focused on children because they were part of a growing market and retailers had only just begun to realise what a "hassle" children's shopping was for parents.

Three Children's World stores are open and Boots hopes to have between 30 and 40 by the early 1990s.

Mr Bob Semple, of Wood Mackenzie, the stockbroker, gave a detailed analysis of consumer spending during the Thatcher years. He said clothing and footwear was continuing to show strong growth, but expressed concern over the future buoyancy of the car market.

Mr Guido Venturini, director of marketing of the Benetton group, said Benetton deliberately avoided emphasising that it was an Italian company. Its advertising was the same around the world and Benetton did not consider it necessary to tailor its marketing to different national tastes.

Mr Myron Calos, vice president of Triple Five Corporation, the Canadian property developer, gave an account of West Edmonton Mall, the world's largest shopping centre, in Edmonton, Canada.

The mall, developed by Triple Five, covers a 108-acre site and combines shopping and recreational facilities, including three ocean-going submarines, shark and dolphin tanks, ice rinks, cinemas and a miniature golf course.

Mr Calos said West Edmonton Mall aimed to be the most significant retail and service force in the local market and a magnet to draw visitors from much greater distances.

The next development by Triple Five was in the US but, he said, the company was looking to develop a West Edmonton-style mall in Europe within the next four years.

Mrs Anita Roddick opened her first Body Shop in 1976, and today there are 88 shops in the UK and 177 abroad. Explaining her success Mrs Roddick said: "Be first and be different."

Mr Anthony McCann, managing director of the mail order division of the Littlewoods Organisation, spoke of the increasing awareness of the benefits of home shopping. The industry would soon reap the rewards of a long learning experience..

Ms Ann Burdus, director of AGB Research and chairman of the distributive trades economic development committee, emphasised the industry's role as an agent of change.

Dow pulls out of N Sea oil

DOW CHEMICAL Europe, subsidiary of the US chemicals group, announced yesterday that it is to pull out of North Sea oil and gas exploration and production.

It has agreed, subject to British and Dutch ministerial consents, to sell all its oil and gas interests in the UK and the Netherlands to Nedlloyd, the Dutch shipping, aviation transport and freight forwarding group.

This group has long-established interests as a contractor and explorer in the North Sea. Although the price has not been disclosed, analysts believe it would be in the range of £40m to £50m.

Dow's interests include a 5 per cent share of the Claymore field and 20 per cent in the Emerald field where Sovereign Oil is the operator.

UK NEWS

Alan Pike looks at plans to revitalise Britain's inner cities

Young plans economic thrust

LORD YOUNG, Trade and Industry Secretary, has told staff at his department that they should consider it to have been unofficially renamed the Department of Wealth Creation.

"The department has to become the power station of the economy - not in the sense of picking winners, but by creating the conditions and confidence in which the economy can flourish," he said at the start of his second full day in his new post yesterday.

"We have to end the artificial distinction between industry and the so-called service sector and take a more overall view of wealth creation."

Yesterday Lord Young and Mr Kenneth Clarke, the department's spokesman in the House of Commons, met senior officials from the DTI and other departments to begin planning the strategy for revitalising Britain's inner cities, to which the Prime Minister is giving priority. As a peer, Lord Young can only speak in the House of Lords, not the Commons.

Lord Young said: "The same emphasis on wealth creation is needed in the approach to the inner cities as in other aspects of the department's work.

"We need to explore the scope for more managed workshops and more co-operatives in the inner cities. I should like to see some inner-city schools among the ones which opt out and becoming direct grant. I am interested in new ideas for the inner cities. In fact, you could say I am only interested in new ideas, because the old ones don't seem to have worked very well."

Lord Young and Mr Clarke have taken the Department of Employment's inner cities task force unit with them to the DTI. This has for the last year been running experiments in eight areas aimed at stimulating job creation and making better use of public money in the inner cities, and another eight task force areas are currently being established.

Although the experiment was originally intended to last for only two years, it is now certain to be extended. Other aspects of inner cities policy will remain with their current government departments, but there will be greater co-ordination than in the past.

The overall approach will remain the one adopted by Lord Young in his previous positions as chairman of the Manpower Services Commission and Employment Secretary.

Lord Young: emphasis on wealth creation

This means he will concentrate on trying to help deprived inner city areas through business-creation, training and education rather than pumping in large sums of extra public money.

Other aspects of the DTI's work on which Lord Young intends to concentrate personally include trade policy and the City of London. He is likely to approach the trade role in a high-profile, super-salesman way.

"I shall be making my fourth visit to China soon. I am working to set up markets there for the year 2,000. Later I expect to visit Japan, the United States and South America."

The Government's continuing privatisation programme will be pushed forward enthusiastically by the new Secretary of State. He expects the flotation of BAA (formerly the British Airports Authority) next month to be followed speedily by water and electricity, and then looks forward to the return of steel and the Rover group to private ownership. "People do not elect governments to manufacture cars."

Lord Young was at the Department of Industry as a special adviser to Sir Keith Joseph, then the Secretary of State, between 1979 and 1982.

"It is amazing how much has changed since then. A lot of the old horrors of five years ago have gone, and new ideas and attitudes have replaced them.

"Take privatisation – it was difficult to promote initially, but now people in state industries positively seek the wider opportunities which private ownership can bring. Now we have to awaken new attitudes in the inner cities, giving people the confidence to seize opportunities."

Regions lift hopes, if not expectations

BY HAZEL DUFFY

LORD YOUNG'S arrival at the Department of Trade and Industry is viewed with particular interest in the regions.

Since Mr Norman Tebbit cut regional development spending in 1984 – a process set to continue to the end of the decade although there have been temporary hiccups – the DTI has been eclipsed in the Whitehall power game, and this has been felt particularly acutely in the regions.

Now they look set for a revival, at least in morale, matching that which the civil servants expect Lord Young and Mr Kenneth Clarke, his spokesman in the House of Commons, to bring to the Trade Department.

Hopes are not high that the minister who breathed life into the Employment Department will try to persuade the Treasury that more money needs to be allocated to regional spending, which is scheduled to fall to £376m this financial year from a peak of £700m plus in the early 1980s. More money would not be in keeping with Lord Young's style, in any case.

But some willingness to relax the crushing bureaucracy which is seen to surround the DTI's handling of regional matters, both in relation to the regions themselves and the European Commission's interests in the area, would be very welcome. And that would be more in keeping with the Young style.

Negative attitudes, assumed to be dictated by the Treasury, are said to be blocking financial avenues to EC funds from ventures such as the West Yorkshire Enterprise Board.

Started by the now-defunct metropolitan county council as a way of creating and saving jobs in the region, the board has survived and expanded since the death of its founder, perhaps to the surprise of some. It now operates in the Yorkshire and Humberside region as a whole.

The board's proud claim is that its responsibilities as a regional venture capital fund have not changed, however. It will examine proposals from companies and individuals and spend a lot of time trying to put together financial packages, which the City of London, tied to perfomance measures, would not entertain.

But this means a high cost structure reflecting the need to have a large investment appraisal and monitoring team. The board is now three-quarters funded by the private sector. But if some public money was forthcoming to meet some of these costs, the board argues it would enable it to do more in the region.

Stimulus of enterprise as a means of job creation is right up Lord Young's street. As the cost and competition of attracting foreign investment grows, so increase the expectations placed on the stimulus of indigenous growth. With local authorities in these areas constantly squeezed for cash, more of that responsibility is necessarily devolved to ventures such as the board.

The changing political realities in the regions, with central government bent on reducing the owners of certain Labour local authority strongholds, is leading to new perceptions by the regional bodies such as the board and the Yorkshire and Humberside Development Authority which promotes the region, as to their future role.

The preference has long been for regional development agencies such as those for Scotland and Wales, which have far more power and resources than any regional bodies in England, but the third Thatcher Government has ruled out agencies. Self-help, with some financial support from government, is the order of the day.

The aspiration of the board and the YHDA is to bring in English Estates, the industrial property agency, to form a more co-ordinated and comprehensive approach to business development in the region.

Let's suppose, for a minute, that you need finance. For a management buy-out. Or to fund growth.

You may well be seriously thinking of asking a venture capital company to help you.

But you're going to need to work very closely with that company. And, if their attitude is wrong, all sorts of problems can develop.

Of which the simplest, and most devastating, is losing control of your company's future.

At Midland Montagu Ventures, however, we believe in taking a rather different approach.

For instance, you'll find that our staff have extensive business experience themselves.

Which means that they know business goes through good <u>and</u> bad times.

And our people are there to help you weather those bad times, offering practical help and sympathetic support.

What's more, whilst a member of our team may have a non-executive seat on your board, he has to leave the final decisions up to you.

After all, we can only succeed if you're successful – which won't happen if we take over the whole nest.

And, if this advertisement doesn't persuade you, you can always talk to the people in our successful investments.

The list stretches from Tie Rack to the David Lloyd Indoor Tennis Club. Along the way, we've helped to make some very talented businessmen into very rich businessmen.

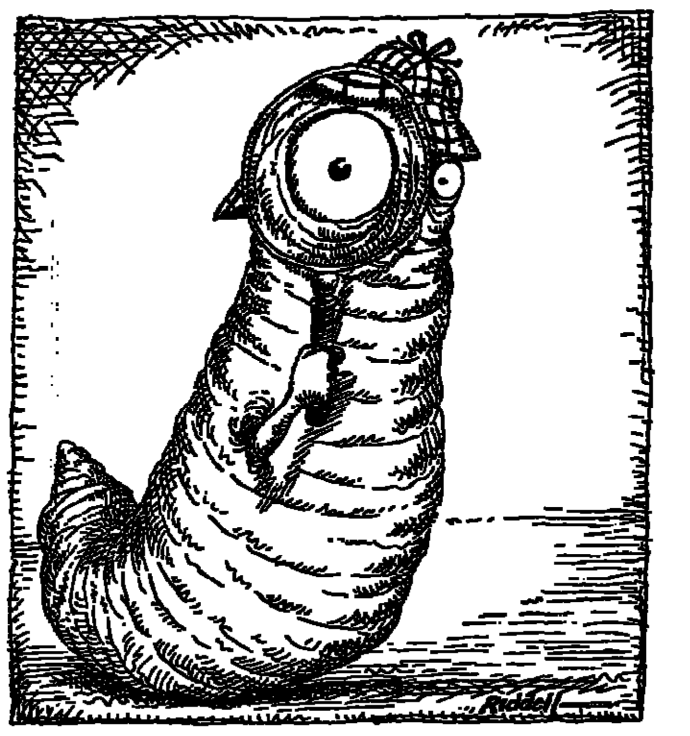
If you're interested in taking the same route, call us soon.

John Brandon and Alan Marsh are waiting for your call on 01-638 8861.

MIDLAND MONTAGU

Midland Montagu Ventures

TECHNOLOGY



The strange case of the clues that wriggle

BY DAVID OWEN IN CHICAGO

A CARTOON on the wall of his rather smart University of Illinois office, between detailed maps of Latin America on the left and Picasso's "Guernica" on the right, hints at how sly biologist Bernard Greenberg, uses his time when he is not researching or teaching.

It depicts a healthy-looking maggot wearing a Holmes' type deerstalker, and a benevolent smile while brandishing a magnifying glass and looking for clues.

For the past 11 years, Greenberg has put his peerless knowledge of the life-cycle of carrion flies to eminently practical use by offering his services as a part-time forensic entomologist. In laymans' terms, Greenberg hopes to solve murder cases by studying the carrion fly maggots and pupae which often riddle victims' bodies. A detailed discussion of his art is unequivocably not for the squeamish.

"Carrion flies are like vultures; they make their living by finding carrion" Greenberg says, explaining how the tools of his macabre trade locate the dead tissue on which they depend to lay eggs. "Female flies have an extremely keen sense of smell," he adds. "They can sense something on the wind one mile sometimes two miles away, their olfactory sense is better than a blood hound's."

Greenberg's key contribution in most of the cases in which he has been involved has been to pinpoint the victim's time of death. By knowing how fast different species of fly grow and develop, from eggs to maggot pupae, to adult fly under known temperature and weather conditions, an expert entomologist can help determine when a murder was committed—sometimes more accurately than coroners and pathologists.

Other vital details can also on occasions be deduced, such as whether or not a body has been moved. If for example, the maggots or pupae of an urban fly like the common greenbottle are found on a corpse in a rural area, in Greenberg's words, "you have to start thinking that maybe the body has been moved."

Since he was called by an enterprising Chicago assistant State Attorney for his advice on some colour photographs taken at an autopsy in 1976, the soft spoken Greenberg, has worked on investigations from Orange County, California, to Providence Rhode Island. "I have worked for both the defence and prosecution," he says. "I testified in the first homicide for 30 years in Brown County, South Dakota."

Despite Greenberg's expertise and track record, however, forensic entomology as a discipline both within and outside the US, is still in its infantcy. In America he estimates there are "possibly half a dozen experts." Elsewhere he reels off another half a dozen names located in Australia, Britain, Czechoslovakia and Japan. "I have just received a paper on the subject from the Soviet Union," he adds almost as an afterthought.

While there is a story "which may be apocryphal" from 14th Century China about the use of flies in solving a crime in which the murder weapon was a sickle, it was a Frenchman called Jean-Pierre Megnin, it seems, who first familiarised the study of carrion flies in the 19th Century. According to Greenberg, Megnin described various stages in the decomposition of a corpse "and at each stage, there would be more or less a characteristic group of insects that would be present. "Now he adds, "there is very popular scientific interest in the US, although it never really got off the launching pad until quite recently."

Certainly police acceptance of the possible role of the likes of Greenberg in the solving of murders appears to have progressed considerably, since that chance telephone call of 11 years ago. "The police used to look at maggots and say 'yuk. Kill them. Get rid of them," Greenberg recalls. "Now they know to keep them alive so that I can rear them to the adult stage and confirm the species identification."

Innovation — powerhouse of Renault's revival drive

John Griffiths explains how research is seen as the key to fending off threats from Japan and to a product-led recovery by the troubled French car company

RENAULT, the French state-owned vehicle producer, has been struggling in recent years.

It lost Frs 5.54bn ($925m) in 1986, which was higher than forecast. An even bigger deficit of Frs 10.9bn was incurred the previous year, a period when it was having to cope with an unruly labour force, turbulent political change and a problematical sortie into the US via American Motors (it is now selling its 46 per cent stake to Chrysler.)

Nevertheless, it is predicting breakeven this year and a return to profitability in 1988 after substantial restructuring and cost cutting.

Throughout its fallow period, Renault has remained committed to a hefty research and development programme. The result has been the launch, within a relatively short time scale by motor industry standards, of a range of vehicles; the 25 executive car, the "new" 5 hatchbacks and the 21 upper-medium saloon and estate models. This has enabled the company to embark on a product-led recovery.

"WHEN YOU take apart their designs, they are much more complicated than ours. I simply cannot understand how they can be cheaper and more reliable."

So says Mr Philippe Ventre, head of product planning at Renault, of the Japanese vehicle manufacturers. For example, he says, "look at Honda's power steering. It is so complicated; so high-precision. It requires such sophisticated assembly — I am afraid it could not be built in Europe."

Nevertheless, he suggests there are two ways of dealing with the Japanese threat. The first is to try and retain what he says is still a European lead in genuinely beneficial product innovation, as opposed to gimmicks. The second is that "we've got to cut our costs consistent with our culture."

This is not a straightforward process, however. One dilemma is that efforts to reduce weight in order to achieve better fuel economy continue to be substantially offset by customer demands for more luxurious interiors and higher equipment and performance level.

So the 19 per cent weight saving in the body of Renault's 25 executive car compared with its predecessor, the 30, is reduced to 9 per cent when ready for the road.

Also, the cost of weight saving is such that manufacturers are restricted in what they can do; while the current 5 model is 13.5 per cent plastics, and Renault's limited-volume Espace and Alpine are composite bodied, many expensive new plastic composites are out of reach.

Savings can nevertheless continue to be achieved by more sophisticated folding and stamping of sheet metal for strength with less mass. So can combining functions, as with the latest rear suspension/drive components of the new Renault 5. These are 11 per cent lighter than the suspension components of the "old" 5, and 4 per cent lighter than the axle. In addition, there are assembly cost savings through their installation as a single unit.

Reduced weight allows fuel economy to be improved throughout a car's operating range and is complementary to aerodynamic improvements. Renault envisages production cars with a coefficient of drag (Cd) of 0.25, compared with a current industry best of around 0.28. However, "Cd is more for the advertising than the scientist, comments Mr Ventre, since it does not take account of a vehicle's frontal area.

For example, Orphee, Renault's most recent aerodynamic study model, had a Cd of 0.14 in tests, but real-life "ad-ons" would make such a figure unobtainable in a full production car.

Some 60 per cent of energy lost due to vehicle drag is, says Mr Ventre, in the turbulent wake and flow separation created by the rear design of a car. To analyse this Renault has introduced "numerical tomography," a process which involves 144 pressure probes in a lateral "comb" which moves in a vertical plane behind a vehicle being tested in a wind tunnel.

The probes measure the entire flow behind the vehicle, the analogue information they supply being translated into graphics via a microcomputer. Thus data is provided on energy losses and drag for the parts of the car body which computers so far have failed to reach.

It is already possible to design on computer the front of a car body knowing exactly what its aerodynamic drag will be. Numerical tomography, says Mr Ventre, by 1989/90 will allow air pressure on the complete body to be represented as coefficients. In other words, the on-screen designer would be able to produce a design of known Cd to order.

Building it, as ever, might be a different proposition.

However, the development is an important one for the European industry, not just Renault, in terms of cost and time saving. For Renault is a member of one of the "Prometheus" joint research committees with other European car companies like VW and Austin Rover. All of these companies stand to benefit from the research.

Renault has looked at some other performance-improving techniques, such as water injection, but is not pursuing them because of the extra stresses imposed on components like connecting rods. This might alter, however, with the advent of lighter reciprocating units made possible by new materials such as fibre-reinforced aluminium.

Some of Renault's forward thinking on vehicle technology has been embodied in Vesta 2, its third and final hatchback prototype in a programme which has now exceeded the original target of creating a car with a fuel consumption of three litres per 100 kilometres, or 92.4 miles per gallon.

The six-year, £40m programme culminated with Vesta 2 receiving its final certification a few weeks ago, with French Government test figures showing consumption well under the target figure at a mean of 106 mpg (173 mpg at 90 kph, 103 mpg at 120 kph and 77 mpg in the urban cycle).

The programme was state-aided, on the understanding that the final product would be a "realistic" car.

Thus Vesta 2 is fully working, has a three-cylinder petrol engine of 716 cc, five-speed gearbox, weighs only 450 kilogrammes, has a top speed of 87 mph, and the capacity to carry four passengers and their luggage — all cushioned by pneumatic, speed-sensitive suspension.

While aluminium was considered for the body structure because of its lightness, steel was opted for instead—together with some plastic mouldings—and this still produced a weight saving of 40 per cent compared with the "old" Renault 5 which was the base model for the start of the programme.

In facing up to the Japanese challenge on product technology, Mr Ventre believes the European industry is "much more prepared" than its motor cycle industry was in the 1960s. "The Japanese have lost the time they needed to take the enemy by surprise. But we have got to have the resources which will enable us to react," he says.

There is still time, he observes—"they have not quite got it all together yet."

Rolls seeks family control of shopfloor

By Geoffrey Charlish

IN THE UK, Rolls-Royce, the aero engine company of Derby, and Reflex Automated Systems & Controls of Crawley are collaborating in the development of an integrated production information and control system (IPICS).

The aim of the project, which is sponsored by the Department of Trade and Industry, is to produce a family of products for controlling shop-floor manufacturing functions. IPICS will include interfaces to commercially available resource planning, engineering and business computer systems.

Reflex claims to be one of the few companies in the UK that can carry out every aspect of a factory automation project. The systems to be developed with Rolls-Royce will conform to OSI (open systems interconnect) principles laid down by the International Standards Organisation and will comply with MAP (manufacturing automation protocol the General Motors initiative aimed at the use of common communications standards by automation manufacturers).

Key to use of electrical power

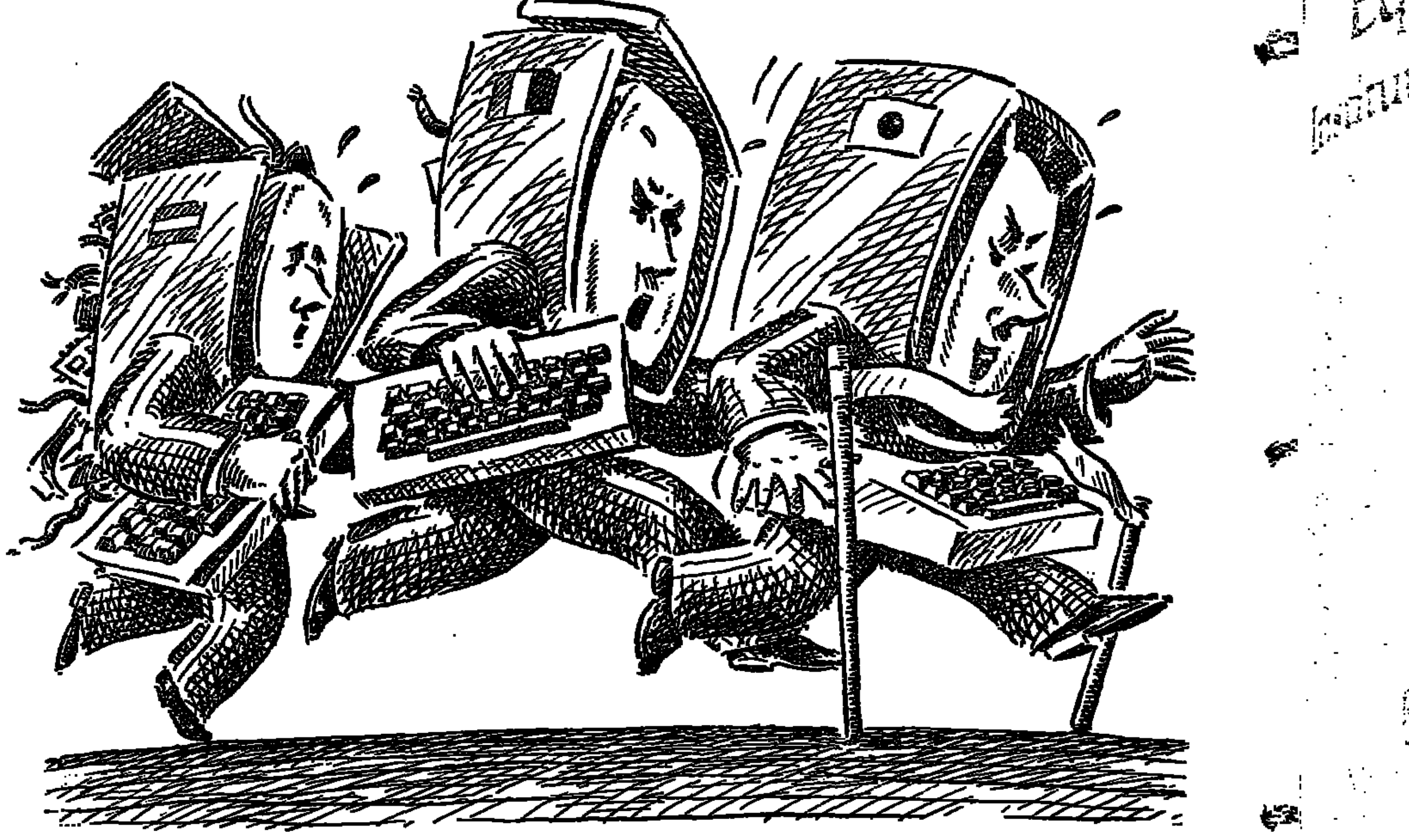
POWERLOCK IS a simple method of preventing the unauthorised use of electrical devices. Offered by B & R Electrical Products of Harlow, UK, the device fits easily and securely to a 13 amp plug and cannot be removed without the associated key. With the lock in place, the plug cannot be inserted into a socket. Barring the determined attack in which the plug is cut off and a new one wired in, Powerlock should be a useful deterrent for £4.34.

MANAGEMENT

The product race

Seizing the initiative in a struggle for survival

Christopher Lorenz begins a series on the competitive advantage of speedy development



AFTER YEARS of being written *off as a dying mammoth*, Xerox Corporation is suddenly being heralded by enthusiasts as "the world's largest Up-and-Comer," or even as an "American Samurai."

Almost alone among top US manufacturers, the copier giant looks like achieving the dreamed-of fightback against a massed Japanese assault on its heartland. It still has plenty of problems, especially with its diversification drive into computers and information systems. But in i ts core copier business it seems to be working the sort of Lazarus-like miracle which many other western manufacturers are still struggling to perform.

Xerox has done everything by halves. Since 1982 it has slashed production costs by over 50 per cent, sharply narrowing the gap with the Japanese—that was true even before the yen's dramatic surge. *As a result it has been able to* cut the selling price of many of its new copiers to about half *that of the models they* replaced, and regain some of its lost market share while still making money—lots of it.

The Xerox recovery owes much to an all-round stripping-out of bureaucracy, as well as to a now common trio of production improvements: just-in-time component supply, automated assembly, and better all-round quality.

But the main reason why business academics and admiring companies—from Europe as well as the US—*are avidly* studying Xerox is the other half of its recovery formula: its halving of the time it takes to develop and launch new products, from six years or more to around three. Just as Xerox's machines have ceased to be over-priced, they no longer take twice as long to reach the market as their Japanese rivals.

Behind the intense interest in Xerox's streamlined development process lies a belated realisation in Europe and the US that the effectiveness of the process by which a product concept becomes refined really is just as important as the way the product is then made—indeed, *that both must be closely linked.* If there are still any "secrets" of Japan's industrial success, then this is one of them.

"Better management of production provides at most one-third the productivity potential of a much-improved product planning, design and development process," says Lars Renstrom, a Swedish organisation and technology consultant.

Yet in recent years most western companies became so obsessed with Japanese factory techniques such as "just-in-time" that "they didn't focus at all on the management of design and development," says Renstrom. This was true even where it should have been obvious that production problems — and high manufacturing costs — *were resulting from* ineffective design and development.

Such blindness also had other causes. Professor Margaret Graham, who teaches the management of technology at Boston University, argues that "many executives don't really understand how complicated the development process is—that it's far from a question of going straight from concept into production."

Just as harmful was the widespread *feeling* that little could be done to improve on the sort of rigorously "scientific" development system which was pioneered in the 1960s by NASA, *the National Aeronautics and Space Administration.* The system was emulated by countless large companies (including Xerox), *in spite of* the fact that, in an industrial environment, its committee-ridden and rigidly *phased* structure proved cumbersome and dangerously slow.

"The procedural chart some companies used in the 1970s to design a coffee maker was complicated enough to put a rocket on the moon," says Steve Walleck, head of the manufacturing practice of McKinsey & Co, the management consultancy.

Now all that is changing, and not only in information technology, electronics and cars—sectors in which the Japanese challenge is greatest. Whether the prime competitor is from Japan or not, and whether the goal is to be first-to-market or a "fast follower," western companies in industries as diverse as aircraft and food, drugs and heavy engineering, are also rushing to join the "product race" (see inset).

The pressures that have created the race, in both consumer and capital goods, are economic and technological, as well as managerial.

On the economic front, slower world growth and the emergence of new industrial competitors have stimulated a frantic hustle for markets, with companies diversifying both geographically and into new products in order to sustain their expansion.

Hence both the intense pressure on costs, and the globalisation of competition, with the consequent tendency for a product launch in one part of the world *"to be quickly emulated* elsewhere," in the words of a senior executive at Procter & Gamble. In some electronic products this can happen in just three months. Even in computers it now takes IBM's "clones" only nine months to react.

On the technological side, electronics—whose rapid rate of change shortens product life cycles—is seeping into a growing number of mechanical engineering industries where product generations used to last a decade or more. The diffusion of new technology around the world is also accelerating, which makes it difficult for manufacturers in any particular region to sustain a technological advantage for long.

At the same time, the cost and difficulty of making technological breakthroughs is pushing companies towards only slight product improvements, which are cheaper, easier and quicker to make—but which are also easier to copy. In addition, the arrival of computer-aided design and manufacture (CAD-CAM, and other technical aids such as better testing techniques, has encouraged many managements to start seeking additional ways of streamlining the development process.

Reinforcing all these "macro" trends *are two increasingly* common, and powerful, managerial tactics: splintering mass markets into segments, with different products targeted at each segment; and intentionally shortening the market life of products as a strategic weapon against slower-moving competitors. This viciously effective approach was pioneered by the Japanese, especially in cars and consumer electronics, but is now being used by a growing number of companies and industries elsewhere in the Far East, as well as in the West.

The net result is that competitors are having to accelerate *their flow of new products,* and to broaden it. This does not always mean having to step up the pace of development: an alternative tactic is to develop more products in parallel. But achieving this is risky, costly and extremely difficult.

The particular combination of reasons for a company plunging into the product race varies from industry to industry, and even between product lines in an industry. Depending on circumstances, the main driving forces are:

- the need to complete the development process earlier, so as to speed market introduction;
- *the pressure to start development later, in order to reduce* market and technological risk;
- the need to cut development costs;
- the pressure to make better and more cost-effective products. Faster development can increase costs if it is overdone or poorly managed, but if handled properly "shorter cycles result in reduced design costs and lower production costs, through fewer repeats, quicker start-up, and more efficient-to-produce designs," says Steven Wheelwright, a professor at Stanford University business school.

Most race-runners are motivated by several of these pressures at once, but in some cases one is paramount.

In consumer electronics and *fast-moving sectors of information technology,* the need for earlier introduction tends to over-ride everything else. In high-growth markets with short product life cycles, "shipping a product six months late can cut its life-cycle profits by a third," according to a McKinsey study.

The study suggests that development cost over-runs are less critical for many companies, since a 50 per cent cost over-run reduces profits by under four per cent in both fast and low-growth markets.

These conclusions are certainly shared by Philips, Europe's last-remaining major bastion against the Japanese in consumer electronics. "In newer types of product, timely introduction is more important than development costs," says Marinus Gelijns, senior managing director of the company's consumer electronics division.

But development costs are a prime or contributory consideration for race entrants from the automotive industries, as evidenced by both Deere and Co, the hard-pressed tractor maker, and General Motors. They are, too, at Xerox, where development costs have been shaved by as much *as* two-thirds, saving over \$100m a year.

The pressure to start development later, in order to be able to predict technological and *market* requirements more accurately and thus reduce risk, applies especially in the aircraft industry. Dr Edward Krubasik, head of McKinsey's European technology practice, cites Boeing's \$1.5bn development of its 767 airliner *as an example: the US company* not only prolonged the loose pre-development "concept phase" for as long as possible before making firm design decisions, but then beat Europe's A310 Airbus to the market by eight months.

Out of a complete development cycle of more than 11 years, Krubasik says "this may not seem very much, but it is a significant difference for a manufacturer with 100 aircraft sold during the first year."

Just as the reasons for entering the product race vary, so do the tactics required to run it successfully. But a number of common approaches is emerging which apply both to one-off "hero projects" which have a make-or-break impact on a company's fortunes—such as IBM's development of its first personal computer—and to more normal projects, such as Xerox's continuing development of new copiers.

Starting on Friday with an analysis *of the way the Japanese run the race* (and the tactics which Xerox and others have borrowed from them), a series of articles over the next five weeks will examine the various steps which western companies *are taking to win.*

They include not only the use of new technical aids such *as computer-aided design, but* also a set of organisational innovations. In particular, companies are now completely reorganising and re-educating themselves in order to bridge the inter-departmental barriers which bedevil most product de*velopment in Europe and the* US.

As Michael Slade, design and development manager at PA Management Consultants, puts it, "the big issue in all of this is people, and the speed at which they can take up a change of attitudes, technology, organisation and systems."

With their built-in tendency towards teamwork and flexibility, this is precisely where the Japanese have built their main competitive advantage against the individualistic West. It is the very heart of the product race.

WESTERN ENTRANTS IN THE RACE

- **IBM nearly halved the personal computer industry's standard product development cycle of two years when it entered the market in 1981. It has since cut development times for typewriters and printers, as well as for its standard computers.**
- **Rolls-Royce, the newly-privatised UK aero engine maker, has pruned the development-to-certification cycle on turbine blades from more than five years to as little as two and a quarter.**
- **Procter & Gamble has more than halved the development times for many of its household products.**
- **Allen-Bradley, a leading US maker of engineering components, has cut the development cycle for electrical contractors from seven years to just two.**
- **General Motors, Ford, Volkswagen and other mass motor manufacturers are starting to chase the Japanese industry's development time, currently at an average of three-and-a-half years and falling. They have a lot of catching up to do: the average US time is five years, and some Europeans are even slower.**

JOBS

Why candidates are wise to be cautious

BY MICHAEL DIXON

"I'M LOOKING to you for a bit of advice," said a lively male voice on the telephone the other day.

"I'm marketing director of a medium-sized high-tech company that's doing pretty well. Counting bonuses, I'm getting just over £45,000 with an Audi 100 and the usual other trimmings. But I'm coming up to 40, and if I'm going to get into the big time I need to be making a move fairly soon. So I'd like you to tell me what sort of figure I should be aiming at and how best to start testing the market."

"Hold on a moment, please," I interjected. "We're doing this the wrong way round. You should clearly be advising me. For a start, I was 55 last birthday and I'm only getting . . ."

Luckily, he was relaxed enough about his magnificent aspirations to appreciate the joke straight away.

It would be a pleasant world if all the problems readers bring to this corner of the FT were similarly of a sort which the bulk of humanity would dearly like to have. Most of you who get in touch are in quite the opposite position—in which case, by the way, I wish you wouldn't apologise for troubling me by writing. You don't. The only thing which troubles me is that, in such particular circumstances, I can rarely give much useful help.

Take for instance the most frequent kind of communication which, alas, consists of letters from people who are out of work and having difficulty in getting back into it. Even now "executive shakeouts" seem mercifully to have gone out of fashion, those letters still arrive at an average of 15 a week. Almost all of them enclose an admirably produced CV, usually coupled with a tactful suggestion that it might be forwarded to appropriate recruitment consultancies.

That request unfortunately overestimates my knowledge of the detailed operations of recruiters. Although I talk with them continually, our conversational topics are either very broad, such as a certain journalist's perennial failure to give headhunters' professional excellence its proper due, or extremely narrow, such as the particularities of a specific job the recruiter is there and then trying to fill.

It is true that every now and again one of those specific posts happens to seem suited to somebody who has written, whereupon I of course give the headhunter the news. But those occasions are few and far between. So people who send in their CVs are inevitably backing a rank outsider.

At which point, while hopeful that confession is good for the soul, the Jobs column is beginning to wonder why anyone should read it at all. So it is fortunate that there is at least some indirect advice I can offer to those of you wanting to put your career record before appropriate recruitment consultants. The advice is to buy or borrow a copy of The Executive Grapevine published by Robert Baird (whose address in the UK is 79 Manor Way, London SE3 9XG; and in the US Suite 1006, 575 Madison Avenue, New York NY10022) and try to pinpoint the best bets from what it has to say.

Angry

Moreover a further chance to provide indirect service is supplied by readers' fairly regular reports of troubles of a sort which can be usefully passed on by way of general warning. The most frequent example comes from people angry because they have spent time and money answering a summons to a distant interview and then been left to meet the costs themselves.

Less frequent but far more disturbing are recent complaints about two other types of experience at the hands of supposed recruiters which, on the face of things, seem sinister indeed.

One such experience, reported by two unconnected people asking not to be named, began when they each saw separate advertisements, under different consultancies' names, offering high-ranked posts which, while pretty attractively salaried, were described in the most nebulous of terms. Besides having extensive records in senior general management, both readers currently lacked a job. They were consequently quick to make an application and even quicker to travel to an interview with the particular consultant concerned.

Their treatment on arrival seems to have been remarkably similar. I will therefore leave it to just one of them to outline what transpired.

"The employer remained anonymous, no written brief existed and, anyway, the consultant had been advised by his client a couple of hours earlier that the vacancy had now been filled.

"A few cursory questions, mainly about my previous salary level and period out of work, then resulted in the interviewer concluding that I could obviously benefit from career counselling. Since I was no longer a candidate for the job, he was free to tell me about the service offered by the consultancy's counselling division (in the other case the counselling service mentioned was "run by a close personal and professional friend").

"I was then next plied with free advice on how necessary it was for me to take up the opportunity. Because I had travelled so far, special arrangements could be made for me to start that very afternoon. And, between him and me, the consultancy intended to expand before long and I might eventually be a useful addition to its own staff."

Genuine?

Now it is perfectly possible, of course, that the treatment so typified was entirely genuine, reflecting the consultant's concern for a candidate whose self-presentation needed polishing and who had come miles in quest of a post which vanished while he was on the way. But the fact that two readers have had very much the same experience in the space of a few weeks is surely sufficient reason for all candidates to be on their guard.

The second type of suspicion-raising treatment I have heard of recently seems to be restricted to people who have jobs. In particular, the four readers who have reported being subjected to it this year work at senior or key specialist level in companies either concerned with an advancing technology or holding dominant positions in established markets.

Their experience, too, began when they were tempted by an advertisement of an attractively paid job which, although vaguely defined, apparently matched their background. In each case the offer of an interview was flatteringly prompt, and the person on the other side of the desk showed enough understanding of the candidates' own field to provide a foil for a dazzling display of their knowledge.

What is more, while all were assured that no decision could be taken at this preliminary stage—at which the employer's identity could not, of course, be confirmed—they somehow gained the impression that they were sure at least of a high place on the short-list. What they got was a terse note of thanks and rejection, followed by a sickening feeling that they had been duped.

"A particular thing that I still blush purple to remember," said a 50-year-old technical director, "was that the interviewer gave me two or three snippets about our industry which were totally new to me. I wasn't going to be upstaged like that, was I? So I made sure to come back with four or five that had to be news to him. I'd like to think the trickery was very skilfully done. But I've an awful suspicion that a mixture of flattery and personal challenge doesn't need to be all that subtle to have you turning yourself inside out to give your secrets away."

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Contact: Julia Cartwright

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BIOTECHNOLOGY

Louise Kehoe on Genentech's failure to get its star product approved

Bitter pill for the biotech business

GENENTECH, THE leading US biotechnology company, was preparing for a celebration. Instead, the Californian pioneer of gene splicing received a bitter disappointment last month when a committee of the US Food and Drug Administration recommended against approval for sale of Activase, a drug for the treatment of heart attack patients.

The committee's decision was a "huge psychological blow, not only for Genentech but for the entire biotechnology industry," says Ms Denise Gilbert, an analyst with Montgomery Securities in San Francisco.

Activase is regarded as the biotech industry's flagship drug product, with potential sales of over $1bn. The product's anticipated approval had been expected to pave the way for the emergence of biotechnology into a fully fledged manufacturing industry, with a steady stream of important new drug products likely to follow over the next 12 months. Its rejection has raised concern that other biotech products will be reviewed cautiously by the FDA.

The FDA's action also burst the growing bubble of investors' enthusiasm for biotech stocks. Genentech's share price took a nosedive from $50¾ to $36½ immediately after the announcement, although it has since recovered to about $44. Stocks of other leading biotech companies were also hit hard.

Although Genentech remains confident that it will be able to work with the FDA to obtain approval of Activase. plans for an imminent introduction have been postponed. It could be as much as a year before the drug wins FDA approval, say industry analysts. This would severely dent Genentech's earnings expectations and makes the company's goal of $1bn annual sales by the early 1990s appear elusive.

Activase, known generically as tissue plasminogen activator (TPA) is a substance which dissolves the blood clots that cause heart attacks. Because it is produced naturally in the body in minute quantities, it is considered far safer than competing conventional drugs.

Activase has already been tested in extensive clinical trials with impressive results, but Genentech apparently failed to persuade the FDA's medical experts that the drug's ability to dissolve clots has been proven to save lives.

The company is also reported to have antagonised the committee by trying to gloss over results from patients who received different doses of the drug.

For Genentech, the rejection represents a severe setback. It has been gearing up for high volume production, with expansion of its manufacturing plant and its sales force. Competitors, such as Biogen and Integrated Genetics, which are also developing TPA, have now been given an unexpected opportunity to try to catch up with the industry leader.

The US Food and Drug Administration's ruling against the sale of Activase, a new wonder drug for the treatment of heart disease, came as a bitter disappointment *not just to Genetech but to the whole of the* biotechnology industry. The rejection represents a severe blow to Genetech which had been gearing up for high volume production and widening its sales force. It will be at least 12 months before Genentech can reapply to the FDA

The implications for the industry of the Activase setback have, however, been overblown, industry analysts say. "In 30 years, biotechnology will not only have brought about a revolution in pharmaceuticals, it also will have transformed agriculture and much of the specialty chemicals business," predicts Mr Jim McCamant, editor of the Medical Technology Stock Letter.

Among the important biotech drugs that Mr McCamant sees winning approval within the next two years are Amagen's Erythropoietin (EPO) which stimulates the production of red blood cells and is being tested for the treatment of anaemia in kidney dialysis patients.

Cetus, the second leading company in the industry, has important anti-cancer products in clinical trials while Chiron is testing a treatment for eye injuries and burns called epidermal growth factor (EGF) which has a potential market of "hundreds of millions of dollars," according to Mr McCamant.

Before the biotech drug industry can really take off, however, regulatory and legal precedents must be set. Current litigation between Genentech and Wellcome over patent rights to TPA illustrate the problems that this new high-tech industry faces. "The issues raised are central to many biotechnology products and have yet to be reviewed by the courts," said Ms Gilbert.

FDA regulation of biotechnology products is also in a state of flux. While the rejection of Activase would seem to indicate that the FDA will be especially cautious in approving biotech drugs, recent proposals to allow the sale of experimental drugs to treat "life threatening diseases" could dramatically hasten the introduction of cancer and AIDS treatment products under development by genetic engineering firms.

Mitsubishi and Sumitomo suffer sharp falls

BY YOKO SHIBATA IN TOKYO

MITSUBISHI and Sumitomo, two of Japan's leading trading houses, both showed sharp falls in group sales and earnings for the year to March although Mitsubishi, the largest trader of crude oil, was particularly badly hit by the fall in oil prices as well as suffering from the yen's rise.

Mitsubishi Corporation registered a 15 per cent fall in consolidated net profits to Y27.47bn ($189.8m) on turnover down 26 per cent at Y12,660bn.

Sales of fuel products tumbled by 60.1 per cent to account for 16.1 per cent of the total. Metals, foods and chemicals fell 20.5 per cent, 15.8 per cent and 18.1 per cent respectively.

Domestic sales dropped by 11.3 per cent overall to account for 46.3 per cent of the total, imports declined by 47.6 per cent to represent a 19.7 per cent share, exports were off 16 per cent to account for 17.6 per cent of all sales, and offshore transactions plunged by 32.3 per cent to take 16.4 per cent of the total.

A five-fold increase in profits on securities to Y49.09bn and a decrease in interest costs were offset by the adverse effect of the high yen on the earnings of foreign subsidiaries and affiliates.

For the current year, Mitsubishi expects flat sales of Y12,700bn and net profits up at some Y30bn following a decrease in expenses for loan losses and greater profits from financial transactions. The estimates are based on the assumption that the yen will average Y140 to the dollar and the average crude oil price will be $17 per barrel.

Sumitomo Corporation's consolidated net profits slipped by 10.5 per cent to Y29.42bn, on sales of Y13,060bn, down 9 per cent.

Sales derived from foreign trading fell 12 per cent to Y6,773bn, while domestic market turnover was off 6.1 per cent to Y6,287.1bn.

Earnings by overseas affiliates were eroded by the yen's steep appreciation. However, non-operating income increased by Y14.1bn, attributed to a fall in interest rates. The group stepped up its bad loan reserves by Y10.5bn.

● Nissho Iwai, a smaller trading house, showed a 4.2 per cent setback in net profits for the year to March, to Y7.38bn, on sales down a far sharper 19 per cent to Y7,686bn. It drew benefit from a reduced tax bill and extraordinary losses which were down by a quarter to Y12.46bn.

LEBANESE BANKING

Lebanese banks move offshore to survive

"WE CAN'T say we are not in a difficult time and not having problems, but we try to cope and we try to survive."

Mr Raymond Audi, executive head of Banque Audi, one of the top four Lebanese banks, was reflecting on the precarious nature of business in Lebanon. Banking is no exception.

"A lot of banks have decided to leave," he said in an interview at an elegant mansion in Christian East Beirut which serves as his headquarters. "We no longer consider ourselves a financial centre."

Before civil war broke out in 1975, Beirut was a boisterous financial market. Lebanese bankers, with some justification, referred to Beirut as the Switzerland of the Middle East.

Lebanese were bankers to the oil-rich rulers of the Gulf. The oil boom of the early 1970s contributed to tremendous growth in the banking sector.

The picture now is very different. Lebanese banks have scaled down their activities, hit by a rash of bad debts and the collapse in the value of the local currency.

With typical flexibility, however, Lebanese bankers have moved their operations offshore. Banque Audi, for example, bought a bank in Switzerland in 1975, and also has affiliated institutions in Paris and New York.

"We feel now we have something well secured abroad, if a major disaster happens here," said Mr Audi, whose Greek Catholic family opened its first bank in the southern Lebanese trading city of Sidon 120 years ago.

Mr Adnan Kassar, chairman of Fransabank and head of the Bankers' Association, said that up to 40 Lebanese banks were operating subsidiaries or joint ventures abroad. Fransabank established a joint venture bank in 1984 with Credit Agricole of France. Fransabank (France), owned 66 per cent by its parent company, returned a modest profit in its first full year of operations in 1985.

The growth in the number and activities of these offshore institutions is attributable in part to the large and often wealthy Lebanese communities who have taken refuge abroad. It is estimated that Lebanese have $12bn to $16bn deposited offshore.

Mr Joe Falloul, a management consultant in Beirut specialising in financial services, says that offshore banks are likely to prove the saviour of the Lebanese banking sector, sections of which are in serious difficulties.

"We are right now in the valley of death," he said. "If we can hang on for a couple of years, foreign subsidiaries of local banks will be able to support parent banks."

Mr Kassar said that one of the strengths of offshore Lebanese banks was that they had ready-made links with the Arab world which could be quickly exploited. In Lebanon itself the banking sector has held together reasonably well in spite of all the difficulties, but there have been exceptions.

Two small banks — First Phoenician and Capital Trust— were for a time taken under the wing of the central bank after they got into trouble.

Mr Falloul believes that most Lebanese banks would be in a precarious position if "rigorous balance sheet principles" were applied.

Banque Audi has taken steps to ensure it does not find itself in such a position. It raised its capital substantially in 1977 to L£150m which was a healthy sum in those days. It is now equivalent to just $1.2m.

The bank has also, according to Mr Audi, built up its provisions year by year so that it has achieved a liquidity ratio in its balance sheet of 80 per cent. "We have nothing more to worry about," Mr Audi declared.

He said, however, that the business environment in Lebanon was terrible. He complained of security problems "every day" such as robberies and forgeries. Maintaining a control system and auditing was difficult.

Banks also faced problems recouping bad debts. The courts, in a situation of near anarchy, were reluctant to give judgments against debtors. There was the allied problem that in many areas tribunals had simply ceased to function.

The massive depreciation of the Lebanese pound has had one benefit for local banks. It has helped them cope with bad debts. The negative effect is that banks and financial institutions are becoming poorer in local assets.

"Impoverishment is going too far and I don't see an end to it," said Mr Audi sadly. Bankers are particularly worried about inflation, now running at more than 100 per cent annually.

Lebanese bankers are also highly sensitive about political developments. On the Christian side businessmen such as Mr Audi and Mr Falloul fear the consequences of the Islamic fundamentalist trend.

"It could bring us to be really slaves," said Mr Audi. "We have to protect our (Christian) entity."

"We can't live without the Arab world," said Mr Falloul. "But we can't live with rules from the (mainly Muslim) western side of Beirut either, so maybe some form of decentralisation is the answer."

On one point all Lebanese bankers appear in accord, and that is in their mutual antagonism towards the central bank and its governor Mr Edmond Naim, who is dismissed by the banking fraternity as "a lawyer" who knows little about financial matters.

Bankers are angered by the requirement that they lodge 45 per cent of deposits in Treasury bills. This is in addition to the 13 per cent of deposits which must be placed as a statutory reserve.

Funds available for lending are squeezed. Industry has suffered. "Mr Naim's main objective," said Mr Kassar, "is not to look at the economy as a whole, but to force banks to buy Treasury bills in order to finance the activities of the state."

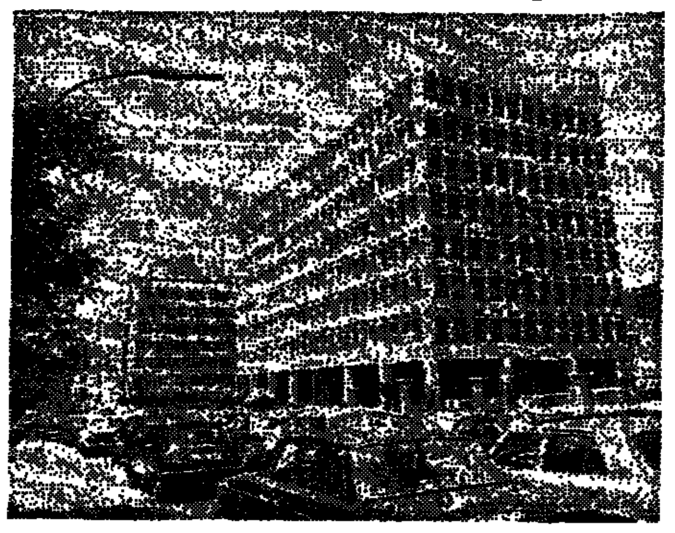
Government revenues have collapsed and so the deficit is funded almost totally by borrowing. Bankers have protested about the requirement but to little effect. Government officials argue that there is no alternative way of financing the deficit.

Mr Falloul disagrees. He argues that Lebanon's gold reserves worth about $4bn should be converted to interest bearing deposits which would yield sufficient income to cover most of the deficit.

Lebanese themselves have indicated their almost complete lack of confidence in the future. About three-quarters of all bank deposits are in foreign currencies, mainly dollars.

Mr Kassar, who insisted the health of the banking sector was basically sound, was less sanguine about the future. "People are under the impression this is going to last a lot longer." This has created a loss of confidence in the future of the country and therefore the future of the currency."

Tony Walker writes on the struggles of Beirut's banking sector, once referred to as the Switzerland of the Middle East. On one point all Lebanese bankers appear in accord, and that is their mutual antagonism towards the central bank (right) and its governor, Mr Edmond Naim.



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Experience trading manager required 28+, able to build successful trading team.

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The responsibilities of the post holder will include liaison with the Banks and operational issues relating to SWIFT, co-ordinating technical and administrative functions, liaising between SWIFT (UK) and other financial institutions based in the UK, and acting as secretary to technical committees and working groups.

Ideally, candidates should have a good working knowledge of the SWIFT system or computer systems operating in a banking or telecommunications environment. Applicants should have the ability to deal effectively with a range of technical detail and committee administrative duties. Location is at the BACS City Office.

The salary is supplemented by benefits which include:

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Please send full details, or telephone Donald Abbott, Head of Personnel, BACS Limited, De Havilland Road, Edgware, Middlesex HA8 5QA. Tel: 01-952 2333.

BACS

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WINTER PARTNERS now has a presence in 9 financial centres, including London, New York, Zurich, Tokyo, Hong Kong and Singapore. It is investing more in research and development in London and Zurich to increase its product range. The latest is the CIB GLOBAL BANKING DATABASE, part of a new generation of banking software. The London office also functions as a dedicated regional centre to support existing products.

WINTER PARTNERS urgently needs your contribution of D.P. or Banking skills in the following areas:

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Specialist banking background required, particularly in hedging or Negotiable Instruments. Interface between users and project teams, from feasability study through to user acceptance testing. Some international travel.

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If you would like to find out more, then please call our Managing Consultant, TERRI HARPER, on 01-353 5529. From 8pm to 10pm and at weekends, ring 0525-403320 or send your CV to the address below. An information pack is also available.

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BANK OF WALES

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As a result of significant expansion the bank now has additional vacancies in South Wales for

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The Bank is seeking to recruit a number of staff, ages 24-28, who have personal and commercial lending experience – ideally in a Banking environment. These posts will only be offered to people who are intent on developing a career by hard work and using their enterprise to take adantage of the opportunities arising in a banking environment where expansion is taking place.

In addition, opportunities exist for ambitious young bankers seeking promotion to a senior clerical grade.

A competitive remuneration package will be available for the right applicants.

Please write giving full details of career and interests to Mr. P.W. James, Assistant General Manager at the address below

BANK OF WALES
BANC CYMRU

Head Office, Bank of Wales PLC,
114-116 St. Mary Street, Cardiff CF1 1XJ

JonathanWren

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We are anxious to meet capital markets people seeking career move opportunities in the following areas:-

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To discuss our client opportunities and your career plans in confidence, please contact Bryan Sales or Anne Fenwicke on 01-623 1266 or send us your detailed curriculum vitae.

LONDON BRUSSELS HONG KONG SINGAPORE SYDNEY

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Manchester — **Negotiable Salary + car**

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The successful candidate, preferably a graduate, aged 30-45, will have a minimum of four years consultancy experience gained with a recognised firm with a bias towards computing. The requirement to be an experienced manager and a self-starter capable of producing positive results is essential to achieving success.

Please write in confidence submitting a concise curriculum vitae and quoting reference 6480 to:

John Jones,
Pannell Kerr Forster Associates,
Sovereign House,
Queen Street,
Manchester M2 5HR

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

EQUITY FUND MANAGER

Due to further expansion of our long-established Investment Banking and Treasury services to corporate clients, especially investment portfolio management, we wish to strengthen our existing team of specialist advisers and managers through the appointment of an Equity Fund Manager.

This challenging opportunity would ideally suit an ambitious young financial executive (mid-20s) with 2-3 years experience and proven equity investment skills who feels ready to take-on management responsibility in this field. In addition to in-depth market knowledge the applicant should also be capable of developing new business opportunities.

A substantial salary is negotiable with an incentive bonus scheme giving significant additional earnings potential.

Write with CV to Michael MacDougall at:

MANEX
MANCHESTER EXCHANGE TRUST LTD
Pembroke House, 40 City Road, London, EC1Y 2AX.

INVESTMENT MANAGEMENT

We are a long-established but rapidly evolving financial institution looking to expand our investment management team.

The successful candidate will probably be aged about 30 with several years' experience in the UK equity market.

The remuneration package will be highly competitive.

Eligible employees of the company have been advised of the vacancy.

Reply to: Box A0583, The Financial Times
Bracken House, 10 Cannon Street, London EC4P 4BY

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ADMINISTRATIVE OFFICER

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We are currently looking for an exceptional individual to join the staff of Irving Trust International Limited (ITIL), the UK incorporated securities subsidiary of Irving Trust.

Reporting to the Managing Director, this key position will have complete responsibility for ensuring compliance with internal and external regulatory procedures and for providing administrative support to the dealing room.

The successful candidate will be conscientious, methodical, tenacious and possess excellent interpersonal skills. Although an accounting or company secretarial background would be an advantage, enthusiasm and willingness to learn are more important. Familiarity with the Eurosecurities market is essential.

The position carries a competitive salary and benefits package. Interested candidates should write to:

Andrea J. Williams
Personnel Manager
Irving Trust
36/38 Cornhill
London
EC3V 3NT

Irving Trust

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UK Marketing — **c£27,000**
Demanding opportunity within small innovative European bank. As a senior member of a young team, you will have a demonstrable track record in the UK middle markets. Full marketing support will be provided. Ref: CG0150

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An unusual opportunity to become involved with the development of an established bank's UK marketing effort. Possessed of a good educational background and relevant marketing experience, you will play a key role in identifying markets and developing business. Ref: CG0452

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Develop your credit skills within a major US house. Duties will be initially concerned with large and middle market UK corporates in a fast moving environment. An excellent move for someone with good general experience. Ref: CG0449

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A leading commercial bank in the Gulf
has a vacancy for a

SENIOR MANAGER — INVESTMENTS

The successful candidate should ideally be aged between 30-40, have sound investment portfolio management experience and a thorough knowledge of the securities, money, exchange, futures and options markets.

Previous experience in the Gulf would be an advantage. There is an attractive remunerative package commensurate with the importance of the position.

Write giving details to:

The Personnel Manager, Box A0576, Financial Times
10 Cannon Street, London EC4P 4BY

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The ideal candidate should have a good client base including U.K. and European institutions and be able to work independently.

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Salary negotiable. Usual benefits plus bonus.

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London EC4N 8HA

MANAGEMENT CONSULTANCY

If you can talk financial strategy and Japanese, we'd like to talk turkey.

マネジメント・コンサルティング業務といえば、今、最も注目されている分野で、当然プライス ウォーターハウスにおいても最大の成長部門となっています。とりわけ、対金融機関へのコンサルティング業務は急速に拡大を続け、スペシャリストが必要とされています。ヨーロッパ全域に業務展開を図る日本の金融機関各社のニーズに応えるため、当社は今、日本語を話せるスペシャリストを求めています。英国、フランス、ドイツ、イタリア各地でプロジェクトを推進するプライス ウォーターハウスのスペシャリスト・チームのメンバーとなる人材です。経営戦略の分野で優れた実績と国際金融業務の将来について確固たる見識をもつ方が必要です。あなたのキャリアをいかす上でまたとないチャンスとお考えの方は、ぜひ、ご検討ください。

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プライス ウォーターハウス社のコンサルタント業務にご関心を抱かれた方は、掲載紙を明記の上、下記へご連絡ください。

Michele Deverall,
Price Waterhouse, Management Consultants.
No. 1 London Bridge, London SE1 9QL.

Price Waterhouse

Assistant Pension Funds Manager

Our present Assistant Pension Funds Manager is due to retire in about twelve months' time, and we wish to appoint his successor as soon as possible.

Candidates will have good academic background preferably APMI qualified, with at least 5 years' previous experience which will preferably have been gained in a company, self-administered pension fund. A detailed knowledge of recent legislative changes and the implications of these changes for private pension funds and memberships is essential. It is unlikely that candidates under the age of 30 will have sufficient relevant experience.

The appointee, who will be based at Ilford, and report to the Company Pension Funds Manager, will be responsible for 20 staff who are currently utilizing a computer based system to assist in the administration of a fund which has 21,000 members and 12,000 existing pensioners.

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Please send a full CV including current salary to Martin Whitthread, Personnel Resources Manager, The Plessey Co plc, Vicarage Lane, ILFORD, Essex IG1 4AQ.

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BROKER

The successful applicant will handle the day-to-day administration of Home and Export policies and will have a minimum of eighteen *months' experience* in a Credit Insurance environment.

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Roger Bamber, *Credit Manager,*
Alexander Stenhouse UK Limited,
Norman Insurance House, Kings Road, Reading, Berkshire RG1 4LW
Telephone: Reading (0734) 61100

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Four top dealers in the spots forwards, FX, money markets required. Age up to 50. Salary range £25k to £50k depending on experience.	Operations manager required for prestigious securities house. Must have FX, money market, settlement transactions experience. The position involves supervising four people in the treasury department. Salary c. £25k plus perks.
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To discuss your application in strictest confidence, contact:
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CAMBRIDGE APPOINTMENTS
EXECUTIVE SEARCH DIVISION
232 SHOREDITCH HIGH STREET
LONDON E1
TEL: 01-377 6488

Scotiabank

As a result of our continuing expansion in the London Market, we are now seeking highly motivated professionals for the following positions:

Assistant Manager Treasury Accounting

The position will be responsible for the day to day running of the Treasury Accounting function.

The successful candidate will be 25–38 years of age and have an excellent understanding of conventional treasury products. He or she must be able to demonstrate strong Management/communication skills and assume responsibility for recruitment and supervision of staff. A good educational background is required with an accounting or banking qualification an advantage. Quote Ref: G.P.1.

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The position requires an aggressive individual for the Financial Reporting Department to undertake an intensive training programme, leading to his or her appointment to a line-management position in due course. Duties will entail responsibility for the Bank's internal and external reporting functions, including Bank of England regulatory returns, budget monitoring and general analysis of both existing and new areas of business.

The ideal candidate will be aged 23–35, and be either a professionally qualified or part-qualified Accountant, or have previous relevant experience within a banking environment. Quote Ref: G.P.2

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Full personal and career details should be forwarded to Mrs. Gillian Harris, Manager, Personnel, The Bank of Nova Scotia, 33 Finsbury Square, London, EC2A 1BB. Please quote appropriate reference.

EQUITIES

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Age: Immaterial - Salary negotiable but high

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Age: 25-30 max - Salary c£20,000 pa + car + bonus

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A number of brokers have approached us for equity settlements staff at all levels. I would be interested in hearing from you if you are seeking a move

Please telephone Cindy Brunck on 377 5840 or write to

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146 BISHOPSGATE LONDON EC2M 4JX

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Compensation is generous, flexible and linked to results and would include profit sharing and/or equity participation.

This is a unique opportunity to build and participate in a new business for the person who is responsible, energetic and has the required entrepreneurial skills.

Applications, enclosing c.v., should be sent in confidence to the Managing Director:

Powell GRC Limited
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EQUITIES

ANALYSIS & SALES

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He or she will probably be at present employed in a newspaper or magazine covering the financial services industry, and will have a good grasp of recent developments as well as a well-developed news sense. The person appointed will be expected to supervise production, as well as gathering of news.

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Applications, in writing only, with full cv to:
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Publisher and Editor
Financial Adviser
91 Charterhouse Street
London EC1M 2HR

FTBI

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Please write giving full CV to Box A0580
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Highly reputable and well established financial group has career opportunities within its successful sales team. Successful candidates will undergo full and thorough training in order to successfully advise private and corporate clients. Applications are invited in strictest confidence from candidates aged 24-55, resident in the above locations, who are able to demonstrate previous success in any field.

To apply for an initial exploratory interview, write in strictest confidence to Box A0567, Financial Times, 10 Cannon Street London EC4P 4BY or phone (0622) 690022

SENIOR TRADER

A leading international investment group requires a Senior Trader with minimum 10 years' experience in international bond and stock markets ideally gained in US environment for its London dealing room. Proven ability to actively manage large portfolio of convertible securities essential. Detailed knowledge of US equity and convertible markets, thorough knowledge of all major international capital markets and foreign currency and money markets desirable as is NYSE registration. Applicants, aged 35-45 and educated to degree standard, should write in strictest confidence, enclosing full cv to:

Box A0584, Financial Times
10 Cannon Street, London EC4P 4BY

CONTROLLER

Our firm is a medium size investment services company employing 60 people located in London's West End. We are involved through various subsidiaries in *stock brokerage*, mergers and acquisitions, and unit trusts.

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position of Chairman of the UK holding company
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Excellent salary and stock bonus package, to be negotiated

Apply in confidence to the Group Chairman
Box A0574, Financial Times, 10 Cannon St, London EC4P 4BY

TSB BANK

ASSET FINANCE SPECIALIST

Asset Finance Company, a division of TSB Scotland plc based in Glasgow, offers a challenge to someone experienced in Industrial and Commercial Leasing and Risk Management.

This is an opportunity to lead a small team of professionals who together will be responsible for TSB Scotland's asset related finance activities in Scotland.

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The salary for this appointment will be commensurate with the age and experience of the successful candidate and supplemented with the usual benefits associated with a major banking group.

The successful applicant will be required to pass a medical examination.

Written applications with CV should be addressed to:
Mr J H Chapman,
Assistant General Manager—Personnel,
TSB Scotland plc, Head Office, PO Box 177,
Henry Duncan House, 120 George Street,
Edinburgh EH2 4TS
The closing date for applications is 1 July 1987.

STOCKBROKING

Small City Broker has vacancy for

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Capital Markets

Our client a major International investment Bank requires executives for the following positions.

South American Desk: Educated to at least second degree level - preferred subject economics, applicants must have fluent Spanish and Portuguese. A working knowledge of at least two other European languages would be an asset. Candidates should have had a minimum of 3 years Banking experience within the South American Market.

Japanese Desk: Educated to at least second degree level one of which must be law. Candidates must have fluent Japanese, and preferably have resided in Japan for a period of time. Whilst direct Banking experience is not necessary, candidates must be able to demonstrate a sound understanding of specifically Japanese and US legislation.

A competitive salary and benefits package will be provided. For further details please write to Richard Zaborski, PER, 4th Floor, Rex House, 4-12 Regent Street, London SW1 4PP.

PER *Management Selection*

The Financial Times has a world-wide reputation for the quality of its product. As part of a progressive and ambitious development plan aimed at maintaining and improving on this reputation, the production arm of the newspaper is to be moved to custom-built premises at East India Dock in about 12 months time.

A vacancy has now arisen for an experienced

Industrial Relations/ Personnel Professional

To play a central part in achieving this move. Reporting to the Production Director, you will need to be able to demonstrate well-developed negotiating and inter-personal skills, founded in a fully unionised environment, and to show an aptitude for balancing immediate/daily production demands against longer-term objectives.

Given the demanding nature of the role, you are unlikely to be under 30 or earning less than £20,000 at this time. Production management experience would be a distinct advantage, especially in the printing industry.

If you are interested in learning more, please send a full C.V. to:—

Mr P. G. Mills, Managing Director
(Ref. F.T.)
St Clements Press Ltd
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THE ARTS

Television/Christopher Dunkley

Why broadcasters go in for election overkill

If you feel that you take an intelligent interest in politics but were bored to tears by the television coverage of the election campaign your heart may sink at the prospect of another article on the subject. Feeling much the same myself I had originally intended to abandon the election this week, hoping that it would not rear its nasty great head again for four or five years.

Three things have changed my mind: the weight of public hostility towards the "overkill" on television and radio; the insensitivity of the broadcasters towards such public feeling; and the fact that nobody seems to have tried to suggest why such a chasm exists between broadcasters and public. Usually broadcasters are all too keen to discover the viewers' preferences and cater for them: why this odd reversal?

Alastair Stewart, Alastair Burnet and Peter Sissons of ITN and Robin Day, David Dimbleby and Peter Snow from the BBC

There is little doubt that most people do feel there was too much coverage: in a Sunday Times Mori poll 71 per cent said so. Moreover Peter Riddell, Political Editor of the FT, reports that when candidates out on the doorsteps asked "Do you have any complaints?" the commonest response was "Yes. Too much election on television."

As for the degree of hostility, it is unmistakable from correspondence columns and response programmes. The letters page of the current Radio Times is dominated by irate viewers, and a cartoon showing a man moving the *Swingometer* indicator from "Yawning" past "Fed Up" towards "Catatonic" aptly sums up the public attitude. As Sunday's *Feedback* on Radio 4 revealed, more writers to that programme used the phrase "fed up to the back teeth" in the previous week on the subject of election programmes than in the previous 18 months on all other subjects put together.

Nor is there much mistaking the lack of sympathy among broadcasters who mostly adopt a supercilious Reithian tone similar to that used by mothers when urging: "Eat up your cabbage, there are starving children in Africa who would be only too glad of it." Discussing reports of viewer boredom during BBC1's *Election 87* programme David Dimbleby suggested that people in Poland would love to be bored by election coverage.

Ron Neil, Editor Television News, adopted a similarly pious tone to lecture those Radio Times correspondents: "Perhaps we should remind ourselves that we are rather lucky to live in a democracy where these issues and arguments can be freely aired" drone drone blah blah . . . Naturally we acknowledge our good fortune at having the cabbage and not starving, but the question is—given the diversity available—why should we be force-fed cabbage and nothing else?

Is it a question of broadcasters being conscientious democrats while the rest of us are shallow hedonists? Hardly, and, even if it were, that would not explain why broadcasting bodies which are normally so sensitive to public reaction become so heedless of it at election time. There are, I suggest, at least four separate, though closely associated, reasons for this peculiar phenomenon. We might call them Battleship Syndrome, Look Out Behind You!, Unholy Alliance, and Stopwatch Phobia and consider them in that order.

1. Battleship Syndrome. Modern television organisations, like modern warships, are over-sophisticated, over-manned, and over-equipped for most of the tasks they have to do during peace time. Only a full-scale shooting war *really* tests them, and — just as the Royal Navy relished the chance to try out its missiles and communications systems during a real battle in the Falklands — so television organisations revel in general elections.

Peter Snow (whose enthusiasm is utterly disarming) and other gadget freaks are then allowed to exploit all the machinery and coloured graphics which are normally under-utilised on titles and sports results. News editors can post reporters to all points of the compass, computerised news rooms come into their own, radio phones are everywhere, and the full panoply of the system can finally be tested in earnest. Both BBC and ITN get so excited about their equipment for the election night results programmes that they hold "Press Shows" like Austin-Rover launching a new motor car.

2. Look Out Behind You! Journalists always aim first to impress the opposition and secondly to please their editors, with the public coming a poor third, but during elections this tendency is taken to extremes. Even if a post-mortem after the previous election showed that the public felt grossly over-fed (as it did) the broadcasters get so thrilled when a new election is called at the prospect of competing with one another again that they promptly cease *looking at the* viewing figures or the Reaction Index and spend their entire time looking over their shoulders at one another.

Are Purvis and Sissons leading on Reagan? Has *Newsnight* got Tebbit? Is ITN keeping a crew in Kinnock's constituency? Are we paying the stringers enough this time to be sure they file the results to us before they file to them? Why isn't Vincent doing an exit poll, and should we? Where did they do better than us last time, and what can we do to rectify it this time? The amount of time monopolised by the subject is *driven up in a mad auction* with no regard for the viewer.

3—Unholy Alliance. In normal circumstances many politicians have little time for broadcasters. They tolerate and even cultivate regional television, and especially local radio, because these outlets reach the constituents who keep them at Westminster in the style to which they become accustomed. But many politicians see national broadcasters as people who—without the support of a single vote—wield unjustifiably large amounts of power with no proportionate responsibility.

During elections this changes: the politicians suddenly need the broadcasters, and the broadcasters, some of them politicians manqués, feel on equal footing with the politicians. *Moreover broadcasting* administrations do not wish to offend any politician who may soon have authority over them. An unholy alliance is formed, serving the interests of broadcasters and politicians but ignoring public preferences.

4—Stopwatch Phobia. Generations ago newspapers broke out of the straitjackets into which politicians had thrust them. Star Chamber and stamp tax went, and newspapers won the right to report on Parliament. Freedom of expression was established. But broadcasting is still inside its straitjacket, and still obliged to abide by "equal time" requirements under the Representation of The People Act. Consequently each party employs people with stopwatches to time every fraction of output in terms of party representation and the broadcasters follow suit.

Instead of being included on merit, events begin to be included merely as makeweights to balance party shares, hence those puzzlingly inconsequential odds and ends which are tacked onto news and current affairs programmes. If television wants to provide five minutes of Kinnock it must provide 15 *minutes to cover* Kinnock, Thatcher and the two Davids.

Once an election campaign has begun it is virtually impossible for any individual journalist, *television programme*, series, company, or organisation to affect or even modify Battleship Syndrome, Look Out Behind You! Unholy Alliance or Stopwatch Phobia. Nor is it any good waiting until just before the next election to try to break out of the vicious circle of copycat activity. The time to do it is now, while the full tedium of this year's campaign still hangs heavy in the mind.

★

"Reducing the rôle of the state . . . power to the people, that's our motto . . . giving choice back to the individual." Now that the speaker of these words is back in power how long will it be before all this is replaced by the smack of firm government and "Nanny knows best"? Just as long as it takes to draft yet another bill to prevent us watching what we want on television. We cannot be trusted to choose what our children will see; we cannot be allowed to accept or reject the sexy bits for ourselves, Mary Whitehouse has said so. Therefore the Government will introduce a bill designed to curtail individual choice since the Private Member's Bill failed *for lack of time during the last* administration. Choice? Nuts: henceforth you will watch only what ageing, middlebrow, busybodies consider suitable for you.

Aureole/Sadler's Wells

Clement Crisp

With three major works by three major choreographers on the bill, Monday's programme by Les Grands Ballets Canadiens should have been more rewarding than it was. But good intentions, like patriotism, are not enough, and blandness, like crime, will out. Thus it proved with Paul Taylor's *Aureole*, Antony Tudor's *Jardin aux lilas*, and Balanchine's *Four Temperaments*. All were conscientiously presented, staged with due care and attention, well played by the Wren Orchestra. And all looked unidiomatic.

Aureole needs a spring to its steps, a sense of buoyant joy in the way movements leap off the stage, and the Montreal dancers made it seem worthy and, unforgiveably, pedestrian. It requires an interpretation more taut in rhythm and more relaxed in its communication of the delights of Taylor's inventions. Neat but not gaudy, the present cast appeared dutiful but never took wing.

Jardin aux lilas is now one of the most difficult of ballets to perform. The great problem for its interpreters is to suggest the inner life that seethes beneath the conventions of Edwardian behaviour: Caroline, its heroine, is riven with anguish under her cool exterior; her lover must hold volcanic passion just in check. That we *know these sufferings* through the apparent simplicity of the ballet's form and its burningly precise language, is the reward of proper performance. Monday's cast told of the surface of the choreography but not of its psychic depths, and instead of Proust we were shown a novelette.

The technical challenges of *Four Temperaments* were met by the Grand Ballets artists after their own fashion, which means a dance language smooth and emulsified rather than uncompromisingly clean and bold in physical characterisation. Rey Dizon made the most of the melancholic variation, catching its pulse of energy and sudden collapses; his colleagues merely went nicely through the motions of their assignments.

About the remaining work in the programme, James Kudelka's *Passage*, I report that it is set to Tallis's 40-part motet *Spem in alium*, and that six dancers were involved in an unseemly scrimmage while it was being played.

Rosencrantz and Guildenstern

Martin Hoyle

Last week Hamlet returned to the National Theatre in Ingmar Bergman's production, dismayingly filled with such bright young directorial clichés as audience-blinding floodlights and mini-skirted reporters (has Mr B seen the ENO *Moses* or the RSC *Romeo* recently?). The sweet prince now puts in an appearance at the Piccadilly in Tom Stoppard's *Rosencrantz and Guildenstern Are Dead* where allusions are at least deliberate.

We meet the two eternal incidentals, grace-notes in the *tragic theme, as they play a* Beckett-like endgame of heads and tails. They then become Pirandellian characters in search of a plot, even a context, aware that they, besides the *travelling players they meet en* route to Elsinor, exist only in other people's awareness of them—like the villainous Mrs Hogg in Muriel Spark's *The Comforters* who when alone *vanish into thin air* ("she had no private life").

All of which now reads as the rather tiresome doodlings of a gifted undergraduate. However, Peter Wilson's touring production has brightly cast stand-up comics in the title *roles*. The snappy verbal exchanges between Stephen Frost and Mark Arden, known for baring—nearly—their all in a TV beer commercial, work surprisingly well transplanted to the rhythms of Max Miller. Only a tendency to shout and bulldoze through the subtler shades edges robustness into coarseness.

The action is handsomely set in Robert Jones's vast tilted picture frame, propped against the surrounding darkness (though the last act's shipboard scene has sacrificed a few ha'porths of tar to the necessities of touring). As the chief player, Lionel Blair is likeable, but simply fails to point the comic lines and misses the magic of that bleak description of actors deserted by their audience.

But elsewhere honest laughter testified that the traditional comic routines which unexpectedly emerged were refreshingly different from the philosophical *jeu d'esprit* of a 1960s junior common room that this play so frequently resembles.

Alastair Muir

Mark Arden, Lionel Blair and Stephen Frost

La Boheme/Covent Garden

Andrew Clements

The promenaders have gone from the stalls, the big screen from the Piazza, and with them the Royal Opera's current revival of *La Bohème* has lost Placido Domingo. For the remaining six performances David Rendall takes over as Rudolfo, and for this week he is joined by two other principals new to their roles at Covent Garden, Cynthia Haymon (Mimi) and J. Patrick Rafferty (Marcello). The full intricacy of the comings and goings among the cast in this run of *performances would take most* of this review to unravel, but Giuseppe Patane continues in the pit for a while yet, and it was from him that Monday's performance drew much of its *elusive character*.

Alastair Muir

David Rendall and Cynthia Haymon

Elusive, possibly because it was inconsistent: the coarsened, approximate tuttis of the first act, which spilled over into a slapdash, blurred outline of the second, chimed oddly with a view of the remainder of the opera that took care to touch in the pastels and greys of the scoring but never found its emotional core.

Of the newcomers, Rafferty is the most straightforward, perhaps the least developed characterisation, and vocally maybe the most entirely dependable. Rendall had an impossible act to follow, but he cuts a distinctive, urbane figure — a Bohemian already with aspirations to upward mobility — and gained in sureness as *the evening went on, losing* the dullness that had covered his middle register earlier. It is not a powerful performance, dramatically or vocally, but alongside Miss Haymon it worked very credibly.

There is a compelling air of mystery around this Mimi, a reticence which never leaves *her; she dies as simply* as she has lived. I'm not convinced she has a voice yet large enough for the Royal Opera House, though a more subtly balanced accompaniment might have created a contrary impression, but she uses all her resources with instinctive skill. Every *phrase is exquisitely shaped, dynamics are carefully shaded;* she holds one's complete attention with the smallest gesture.

Recent music/RCM

David Murray

It seems natural to expect the youngest performers to offer special insights into the newest music, but that rarely happens (most contemporary "serious" music is too self-conscious, and too remote from everyday popular stuff, to give youth any advantage). Nor did it on Monday, in the Royal College of Music's Twentieth Century Ensemble concert; but the three bold soloists were strikingly accomplished nonetheless, and the ensembles—from sextet to fair-sized orchestra, creditable. It was not so very long ago that none of our senior music academies would have hazarded such a programme.

The sextet who performed Brian Elias's *Geranos*, a Fires of London commission from year before last, offered the most polished all-round playing. *Geranos* is an etherealised *dance-piece which ekes out its* simple material with a great deal of chiming and echoing, and they treated it with delicate care and sympathy. At the other end of the concept, Heinz Holliger's *Siebengesang* (which displays many small, pretty inventions but makes catatonic progress) benefited from its seven sighing maidens at the leisurely close — beautifully poised—and its precocious solo oboe Paul Goodey, who is fully *au fait* with Holliger's astonishing extensions of oboe-technique.

In Bernard Rands's *Etendre*, which begins literally with its double-bass soloist reaching over his head to bow a treble chant just below the tuning-pegs and above the finger-stops, Andrew Durban was both athletic and musical. The 11-piece might have lit up Rands's school-of-Berio soundscape more with an extra couple of rehearsals to perfect their balance. That applied to the Elliott Carter song-cycle, too, in which the instrumental textures sounded more of a muchness than they really are; but *they gave reliable support to* a soprano of great gifts, Julie Moffat. Timbre clear as a bell, a smoothly even range, and easy flexibility over all of it, sterling pitch; with more distinct vowels, hers will be the ideal voice for *A Mirror on which to Dwell*.

Saleroom/Annalena McAfee

Lavery doubles record

A record price of £143,000 was paid for a painting by British artist Sir John Lavery at Phillips in London yesterday. The price, paid by a private British buyer bidding on the telephone, is double the previous record of £71,500 paid only last Friday by London gallery David Messum for Lavery's "The Wharf." The new record was set by Lavery's 1921 oil "The Terrace, Cap D'Ail" *which features an elegant lady*, probably Lady Hazel Lavery, seated in the foreground.

The picture, originally sold by the artist in 1925 for £99, was the top lot in Phillips' sale of Modern British Paintings, Drawings and Sculpture. A total of 9 per cent of lots was bought in.

Another Lavery, a portrait of Viscountess Castlerosse in 18th century riding habit, was bought for £13,750 by the London dealer Leggat. Following the break up of the subject's marriage, Lord Castlerosse had no wish to keep the picture. Several admirers of Lady Castlerosse sought to buy the picture but Lavery discreetly arranged its disappearance in Scotland, where it remained until the auction.

Ernest Proctor's lively "Summer Holidays," more than doubled its top estimate of £12,000 when it went to David Messum for £25,500.

A pair of ormolu-mounted Sevres vases, from about 1840, was the top lot in Sotheby's sale of English and Continental Pottery, Porcelain and Enamels in London yesterday. The vases considerably outstripped their joint estimate of £6,000, going for £41,800 to the Paris dealer Lupu.

Two Meissen yellow-ground bottle vases were bought for £14,300 and a gilded Berlin vase *of 1844-47 sold for £12,100;* both went to anonymous buyers.

The Munich dealer Robbig paid £11,550 for a Meissen gold-mounted snuffbox and £9,350 for two other Meissen gold-mounted snuffboxes, decorated with elegant country scenes and Masonic symbols respectively.

The National Museum of Wales successfully bid £2,860 for a Vienna ice-pail, liner and cover and £1,100 for a rare 1760 Weesp teabowl and saucer, painted with farmyard vignettes.

An anonymous buyer paid £22,000 for a 19th century illuminated copy of the Koran at Christie's sale of Islamic, Indian, South-East Asian Manuscripts, Miniatures and works of art yesterday.

Two painted models of standing hawks were the top lots in Christie's two day sale of Fine Chinese export porcelain and works of art, which ended yesterday. The hawks were bought for £18,700 by an anonymous buyer.

At Sotheby's sale of magnificent jewellery in New York on Monday, the London dealer Lawrence Graff paid £1.36m for a 35.87 carat emerald cut diamond ring. This is the highest price ever paid for a jewel in North America.

Giles Cooper Awards

The winners of the BBC Giles Cooper Awards for the best radio plays of 1986 announced yesterday: Robert Ferguson, for *Dreams, Secrets, Beautiful Lies;* Christina Reid, for *The Last of a Dyin' Race;* Andrew Rissik, for *A Man Alone: Anthony;* Ken Whitmore, for *The Gingerbread House;* and Valerie Windsor, for *Myths and Legacies.* The scripts are published in a single volume by Methuen at £12.95.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

June 12–June 18

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

All My Sons (John Golden): Richard Kiley has the gratifying part of Joe Keller in Arthur Miller's post-war moral tale of profits versus principle in a nicely dated production from the Long Wharf Theatre. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 2 (443 3800).

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel remains in London with Jonathan Hyde and Eleanor David replacing new toasts of Broadway Alan Rickman and Lindsay Duncan. (836 6111 or 836 1171).

Woman in Mind (Vaudeville): Pauline Collins and Michael Jayston now lead a new cast in Alan Ayckbourn's bleakly ingenious comedy about a housewife fantasising the ideal family on the back lawn. (836 9987/5645).

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

NETHERLANDS

Amsterdam, De Krakeling (Nieuwe Passeerdersstraat 1). Teatro delle Briciole with Genesi, a Pythonesque puppet play for children about the seven days of Creation (Fri, Sat, Sun, latter two matinees). (24 51 23).

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam with Noel Coward's Private Lives directed by John Hartnett and starring Lesley Hughes and Chris Young (Tue to Thur). (24 23 11).

TOKYO

Les Misérables: After London and New York, now Tokyo, and the Japanese version by the Toho Company. With the cast hand-picked by the creative team of producer Cameron Mackintosh (from an astonishing 12,000 hopefuls), then trained for six months in a special "ecole", rehearsed by John Caird himself, costumes, set, sound and lighting supervised by the respective original designers flown in from London, Toho's Les Miserables (for both process and quality control) is set to make musical history in Japan. Sponsored by the cosmetics company, Shiseido, Les Misérables stars Sakao Takida, Ran Ohtori, Huruhiko Saito, Goro Noguchi, Hiromi Iwasaki, Kaho Shimada. Imperial Theatre, near Ginza (201 7777).

FINANCIAL TIMES
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Wednesday June 17 1987

Italy: mixture as before

THE ITALIAN electorate has cast a vote for stability and stability of a kind is what it is likely to get. The advance in popular favour of the Christian Democrats, the lynchpin of Italian politics since the war, coupled with the setback to the Communist Party almost certainly rules out any profound change in the Roman corridors of power.

Moreover, the progress made by the Socialist Party appears to be the voters' reward for Mr Bettino Craxi, the party leader, who, until this spring, presided over the longest-lived Italian cabinet since 1945. Clearly they were impressed by his ability to hold together the five parties belonging to the so-called *pentapartito* coalition and its ability to tackle some — but by no means all — of the pressing problems facing the country.

By making probable the eventual resurrection of that coalition, possibly without one of the smaller partners, the voters have also prolonged the inherent contradictions of a government based primarily upon the Christian Democrats and the Socialists. Personal rivalries apart, these two parties compete for the same type of voter and will, therefore, never feel completely comfortable in alliance.

With the two major potential coalition partners suspicious of each other, Italy is unlikely to have an effective government installed for some weeks or even months. The interregnum begun with Mr Craxi's resignation thus could be prolonged for anything up to six months.

More important, the inter-party rivalries in a renewed *pentapartito* will make it difficult to deal with the pressing problems confronting Italy. True, under Mr Craxi the coalition did make a start by modifying the *scala mobile* system of wage indexation with its inflationary automatism and by reducing the scope for tax evasion.

But it did not even scratch the surface of the problem presented by large budget deficits. It did not tackle the pension reform which is a key portion of any plan to put the budget to rights. Nor did it do anything noteworthy to correct the notorious inefficiency of many public services

On the international plane, Rome has not made defence efforts in keeping with the voice it claims in the affairs of the West. Nor has it translated its devotion to the European ideal into a readiness to adopt smoothly regulations emanating from the European Commission.

There is no guarantee that a revived five- or four-party coalition will do better in either foreign or domestic affairs than its predecessor. But there was even less guarantee that the upheaval thought possible before the election would have helped. Speculation then suggested that the Communists might prop up a mainly Christian Democrat government or that they might form a centre-left block with the Socialists.

Relative stability

The Communists have travelled far since their Stalinist days, even unto accepting membership in Nato and the European Community. But their determined opposition last year to reform of the *scala mobile* shows that they have no stomach for putting to rights some of the most obvious faults in the Italian system.

Yet in spite of the many evident weaknesses, the record of the Craxi coalition was good. Inflation was contained, admittedly with help from the drift of world events. Several reforms were taken in hand. Most important of all, the longevity of the coalition, at least by Italian standards, created an atmosphere in which Italian business could and did flourish.

By giving Mr Craxi and the Socialists a boost, voters showed that they appreciated a period of unaccustomed if relative stability. It will be difficult but not impossible to build upon that foundation. Success could eventually bridge the deep gulf of suspicion between the Italian citizen and the Government

That suspicion is the real reason for the national sport of tax evasion and for the size of the black economy. These are phenomena which a modern democracy cannot afford. Hemming them in would constitute further progress towards the modernisation of Italy.

Risks of inward investment

THE competition in Europe for inward manufacturing investment has become so intense as to prove counterproductive. An auction-room atmosphere prevails despite the European Commission's concern about the quality—that is, performance—of foreign investment and despite the lessons of such celebrated failures as the De Lorean sports car venture in Northern Ireland.

The Dublin Government turned Mr De Lorean down—but last week it suffered a blow which was almost as severe when Hyster Corporation, the US fork-lift-truck manufacturer, pulled out after five years.

It cannot be wrong for countries or regions in Ireland's economic circumstances to offer special incentives to manufacturers to come in and set up shop. Yet such is the competition from elsewhere that the cost of wooing and winning them can look intolerably high.

Certainly, the collapse of the prestigious Hyster project has been both expensive and embarrassing.

The company announced it was closing a plant which had been destined to become its world centre for automatic materials-handling equipment. Hyster found itself unable to break into this sector of the market, at least on the scale it had hoped. Some 200 people have lost their jobs and another 250 vacancies will not now be created.

Wealth creation

There have been political recriminations, with the Fianna Fail Government — which was in power when the plant was set up — accused of striking a bad commerical bargain for political ends. Furthermore, Hyster's withdrawal is the third high-technology failure for Ireland's Industrial Development Authority in as many years.

Scotland's development agency has had similar problems. For example, an ambitious biotechnology venture it is sponsoring with Damon Biotech of Massachusetts is way behind schedule and may never come up to expectations.

It is not that the agencies are inept. Ireland claims to have helped establish 900 companies and create 80,000 jobs in the last 10 years. Scotland's inward investment people say they have replaced 37,000 lost jobs in six years. The agencies are slick and aggressive: not content to wait for the knock at the door, they travel the world like evangelists persuading companies that may not even have considered it to invest abroad. They have also refined their approach considerably, concentrating on "strategic" investors who will put down roots in the local economy, buy local components and create local skills. Quality is put above quantity, research and development above assembly line work, wealth creation above job creation.

However, the competition is so fierce that financial inducements have been getting out of hand. Discretionary grants are piled on to already generous tax treatment for the incomer. In the Hyster case, the Irish taxpayer contributed I£15m over several years in performance-related grants in what was described by the authority's officials as "a very special package." The company (which put up I£4m at the start and another I£6m over time) may have to pay most of that money back.

Quite apart from the proliferation of money inducements, agencies are probably suffering from the sophistication of their selling methods. To get better quality investment — technology transfers rather than screwdriver plants — means taking much greater risks. The promoters then multiply those risks when they lobby manufacturers whose commitment to overseas investment is low in the first place.

What is more, development agencies are prone to hold the new investor's hand for too long. The Irish authority, for example, looks after its clients so well that the Dublin stock exchange is complaining that companies are reluctant to come to the market at all.

The Irish Government will undoubtedly be reviewing inward investment promotion in the light of the Hyster affair. But there is probably little that any government can do until EC states can agree collectively on a set of effective guidelines.

A gentleman's agreement on export credit subsidies for poorer trading partners has been reasonably successful in controlling wasteful competition throughout the industrialised world. Something similar is plainly needed for inward investment subsidies. It is wrong that the poorer regions on the periphery of the EC should find themselves bidding against even the richest areas at its centre.

An even more bitter pill

By David Lascelles, Banking Editor

AS BEFITS the UK's largest and strongest clearing bank, NatWest has set a cracking pace with its £466m provision for Third World debt. Like last month's pioneering move by Citicorp, it attracted an enthusiastic response from banking supervisors and the stock market yesterday, though it may be a pace few other banks can match.

NatWest has vaulted ahead of the field in two ways. First, it has made a provision equivalent to 30 per cent of its exposure to debtor nations. This exceeds the 25 per cent level established by Citicorp and since followed by most large banks in North America.

Twenty-five per cent may have become the norm. But with Third World debt trading at a discount of 40 per cent or more in the secondary market, the question remains why banks should stop there. NatWest has answered that question, but only partially — some may ask, why stop at 30 per cent? NatWest says the figure of 30 per cent was not arbitrary; it was arrived at by totting up provisions judged necessary for the 35 countries trying to reschedule their debts.

Second, NatWest has cast its net beyond the best-known Latin American debtors to include countries like South Africa which are also having financing problems. The provision marks a major clean-out of the balance sheet. Other banks may feel it is more than is really necessary.

That NatWest should have become the first European bank to take this step is not altogether surprising. Banks which least need to make provisions are usually those which behave most conservatively; they can afford to.

Relatively, NatWest's exposure to problem countries is the smallest of the clearers', and its balance sheet one of the strongest. With capital resources of over £5bn, NatWest's provision is equivalent to less than 10 per cent of its financial resources. This means NatWest may be able to end the year with a profit of some three quarters of a billion pounds.

There must have been other motives at NatWest's Lothbury headquarters as well. Over the last 12 months, the bank has emerged as the most powerful of the clearers, ousting Barclays from that position. Mr Philip Wilkinson, the chief executive, has struck a successful balance between soundness and aggressiveness, and the thought that this action will reinforce the bank's competitive position must have been on his mind.

A further factor is the imminent retirement of Mr Wilkinson, and his replacement in a fortnight by Mr Tom Frost, an experienced international banker who will want to start his term in office with a clean slate. He will take over a bank with an even more commanding lead in the UK market.

NatWest made a point yesterday of saying that tax considerations came second to business ones in the decision. Normally, banks expect to set specific provisions against tax, and NatWest will assume this is the case in its accounts. But agreement has yet to be reached with the Inland Revenue, and the outcome of the discussions will be keenly watched by Natwest's rivals.

Now that NatWest has set a lead, other clearers may follow, but with varying timing and amounts. Lloyds, which has a large Latin American exposure, said it would make no announcement before its interim results on July 24, but it is expected to follow the NatWest lead. Similarly at Barclays, there will be no news until the interims next month. The main question over Barclays is whether it has £730m of cross-border loans. The indications yesterday were that it would not.

The toughest dilemma faces the Midland Bank, which is in the opposite position to NatWest: it has the largest Latin American exposure and the weakest capital. Midland made a point of disclosing a £160m provision for sovereign debt in its 1986 accounts to emphasise that it was already taking action. Were Midland to match NatWest, the cost would be double its expected profits this year, leaving it with a loss of over £500m.

For a bank which, in stock analysts' opinion, is already overdue for a £500m rights issue, that would be a severe blow. On the other hand, Midland would also suffer invidiously if it chose to be the only clearer to take a gradual rather than once-for-all approach to provisions. As one analyst said yesterday, "We all know what the figures are and we can all do our sums."

Midland's official position yesterday was that NatWest's move had not altered the balance of its deliberations. But the likelihood of it making a heavy provision is high.

NatWest's move also affects the Third World debt picture in a wider context. Continental banks have consistently set aside greater provisions than UK banks, and in March Japanese banks reached an agreement with the government to take large tax write-offs on certain Latin American loans. With the Citicorp move, UK banks had begun to fall behind, raising questions about their ability to absorb losses, and threatening the common stand which international banks are striving to take on the renegotiation of Third World debt.

If every UK clearer ends up making big provisions, this will put all major creditors in the same position, especially since yesterday's announcement that Manufacturers Hanover is adding $1.7bn to its reserves; the transition to a new phase of the debt problem will have been completed. It was not altogether coincidental that Nat West's provisioin coincided with a report from the Organisation from Economic Co-operation and Development urging a more consistent approach to provisioning between different countries.

Of course, no new money is involved for the debtor. The drawbacks are that any future loans to the 35 countries which NatWest has identified will immediately have to be written down to the new levels established yesterday.

And the likelihood that debtors will ever repay the full amounts owed must be even less. But valuing such debt at a more realistic level gives NatWest flexibility to contemplate more innovative solutions to the debt crisis, such as the conversion of debt into equity.

UK CLEARERS: THE COST OF MATCHING NATWEST

	LDC exposure (£m)†	Existing provisions† (%)	Extra provisions to 30%† (£m)	Forecast 1987 pre-tax profit (loss) (£m)
Barclays*	2,275	10	455	560
Lloyds	3,100	8	682	100
Midland	4,260	6	1,022	(550)
Standard Chartered‡	860	8	189	80
NatWest	2,775	13	466	830

* Excluding South Africa. ‡ Excluding South Africa and Nigeria. † Estimate.

Source: BZW

Overcapacity in the sun

By David Churchill

A POST-ELECTION surge in sales of package holidays — helped by the wettest June weather for years — may not be enough to save Britain's tour operators from deep trouble this summer.

Their gamble in trying to sell almost 30 per cent more holidays this summer than last is unlikely to pay off. Even though nearly 1m extra packages will be sold — taking the total to a record 11m — more than 2m will remain unsold.

The result is good news for the holidaymaker, but potentially disastrous for UK tour operators and travel agents.

"The fall in demand for holidays this June, throughout the industry, has made it one of the worst periods for five years," says Mr Peter Woodward, deputy chairman of the International Leisure Group.

Too many holidays chasing too few holidaymakers has led to a rush of what the travel trade describes as "unprecedented" price cuts. Return flights to many parts of Europe, for example, are on offer for as little as £25. A seven-night, self-catering holiday in Corfu can be bought for just £79 per person; for Majorca the price is £69 and for Tenerife, £99.

"Tour operators over-read the market when they planned their brochure last year and now there is a mountain of surplus holidays," says Mr John McEwan, managing director of the Thomas Cook travel agency chain.

Other agents agree: "The slump in June is not an isolated incident," says Mr Cris Watson, managing director of Pickfords travel agencies. "Bookings for the peak months of July and August look very weak as well."

Moreover, these are the holidays from which the tour operators hoped to make most profit. July and August provide captive markets because of the school holidays: customers are therefore usually charged more.

Leisure industry analyst Mr Bruce Jones, of stockbrokers Kitcat & Aitken, estimates that peak season prices this summer are 20 per cent up on their equivalent last year.

Many operators had been lulled into a false sense of security by the buoyancy of pre-Christmas bookings for early season holidays. Prices for these holidays had been kept almost the same as in 1986 by offering lower-grade hotels or self-catering accommodation. Holidaymakers were quick to snap up these bargains.

Sluggish bookings for peak season holidays first began to worry tour operators at the beginning of this year and the danger signals were flashing fiercely by Easter.

"It's not a catastrophe and there is no real cause for concern," maintains Mr David Cockerton, managing director of Horizon Holidays. But he acknowledges that Horizon's offer of £49 return flights to any of its holiday destinations this month "has never happened to this degree before."

The dilemma of whether or not to keep cutting prices to stimulate demand can be traced back to the autumn of 1985. Then, industry leader Thomson Holidays launched swinging price cuts in response to a 6 per cent slump in holiday bookings. The move paid off handsomely: Thomson doubled the number of holidays it sold to about 2.4m last summer. Total package holiday sales rose by 20 per cent to just under 10m.

The travel trade's reaction to this boom was to greatly increase the number of holidays on offer for this summer. Figures from the Civil Aviation Authority (CAA), which licenses the tour operators, show that 12.6m holiday flights were licensed for this year—an increase of 28 per cent on last year's record bookings.

Given the notorious ebullience of the travel trade, unsold capacity was inevitable.

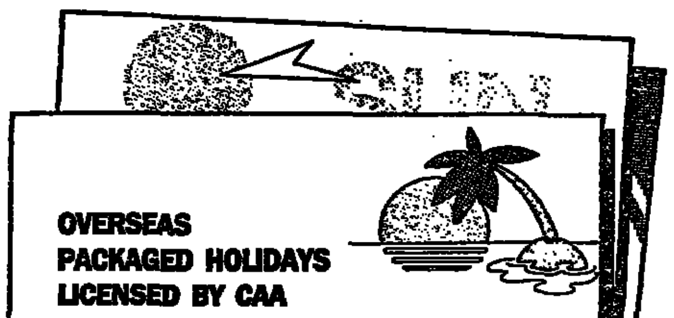
Major tour operators see overall market growth as between 10 and 15 per cent. But others, such as Bruce Jones of Kitcat & Aitken, believe the number of holidays sold this year will be less than 10 per cent higher than in 1986. Some private estimates within the travel trade put the figure at around 5 per cent.

Whatever the outcome, there is no doubt that many holidays will remain unsold this summer. The implications for tour operators' profitability—already under pressure — may be critical.

Figures from the CAA show that the 30 leading package tour operators last year recorded their worst financial performance since 1982. Collective net profits for the 30 compared with 1985, fell by 41 per cent to £35.6m—on total turnover up by 16 per cent to £2.13bn. Six of these operators collectively recorded losses of more than £14m.

The message is that, in spite of more Britons going obroad for their holidays, rising costs and price competition has taken its toll on profit margins.

Some realignment in the travel trade has already taken place. International Leisure Group, the second largest tour operator whose main holiday brand is Intasun, was recently bought out by its senior management who have also taken the company private.



OVERSEAS PACKAGED HOLIDAYS LICENSED BY CAA

	1986 million	1987 million	% increase
Thomson Travel	2.43	3.75	54.3%
Inter Leisure Group	1.23	1.81	47.2%
Horizon Holidays	0.59	0.88	49.2%
British Airways	0.64	0.84	37.5%
Wings	0.41	0.45	9.8%
Best Travel	0.24	0.27	12.5%
Yugotours	0.22	0.25	13.6%
Cosmos	0.25	0.25	—
Falcon Leisure	0.20	0.20	—
Redwood Travel	0.11	0.15	36.4%

Source: Civil Aviation Authority

Horizon, the third largest operator, was recently acquired by the Bass brewing group in a £92m deal.

The leading tour operator, Thomson Travel, owned by the Thomson Organisation of Canada, saw pre-tax profits rise by 49 per cent last year to £60.3m. Thomson and Intasun between them account for more than half the total package holiday market.

Some of the UK's 4,500 travel agents will also suffer from heavy price discounting and fewer-than-expected holiday sales. As with the tour operators, it is more likely to be the smaller travel agents and chains who will be hit by smaller profit margins.

The canny holidaymaker, however, is by now well aware that sitting tight and waiting until the last moment puts pressure on the travel trade, which is only too conscious that summer holidays remains a perishable product.

Men and Matters

Labour's rite in Europe

The fall-out of the British general election reached the European Parliament in Strasbourg yesterday, when the British Labour group of MEPs performed a traditional rite of bloodletting on practically their entire leadership.

The outcome meant the wholesale removal of the hard-line anti-Marketeers, headed by group leader Alf Lomas, the member for London North-East, and its replacement by an alliance of the soft left Tribune group and right-of-left pro-Marketeers.

The new leader is a mere strippling, 32-year-old Lothians MEP David Martin. He was in no doubt that the result meant that the British Labour group is returning to the mainstream of Labour party opinion. Deputy leader is John Tomlinson, member for Birmingham West and outspoken scourge of the hard left in the Parliament.

Alf Lomas actually backed down and resigned when he was told the writing was on the wall, declaring that he had failed to persuade the group of his own views over the past two years. "I have been giving up these nonsense jobs for months now," he declared with some ill grace.

The decimation of the anti-Marketeers is likely to be greeted with relief in the 172-strong Socialist group in the Parliament, which has never been able to rely on British Labour votes on many key issues.

It was also apparently greeted with enthusiasm back at party headquarters. "That is the only good news I have heard since last Thursday," Neil Kinnock is understood to have said.

". . . of course if you were to seize power in a South American republic—we'd reconsider all outstanding loans"

Frost's target

When banks make large provisions against bad debts prudence is always given as the reason. But plenty of people in the City read more than that into NatWest's record-breaking £466m "hit" on Third World debt yesterday.

Apart from stealing a march on its less well-heeled rivals NatWest has cleared up its balance sheet just in time for a change in chief executive, which must be extremely good news for Tom Frost, the 54-year-old Lancastrian who takes over from Philip Wilkinson at the end of this month.

Frost was anxious to dispel the idea that the changeover contributed to the decision to take the hit, though he could not deny that it was good news for him.

"It wouldn't have made the slightest difference to me whether we did this next year or in six months time," he said. "We did this, and the board agreed to it, now because the time was right. This is a business judgment."

Even so, big write-offs seem to coincide with changes in the chief executives of banks. When Sir Kit McMahon took over at Midland last year he added £160m to the reserve against loan issues. That also raises the question of how Barclays' new chairman John Quinton will respond to the challenge put out to NatWest yesterday.

The hit will, however, mean that NatWest will not achieve the billion pound profit figure it reached last year, the last full year of Wilkinson's term in office. The figure will more likely be £750m. But of course that only gives Frost a nice round target to aim for.

Oriental deal

Days at the celebrated Gymnich Castle near Colongne, at present used by the Bonn Government as its official guest house, may in future have an oriental touch. Under a deal announced at the weekend Masao Nangaku, a Japanese hotel and leisure entrepreneur, is buying the castle for DM 28m.

The elegant building will be vestment programme, to a luxury hotel with 200 suites and an 18-hole golf course, desinged to attract the cream of the business and diplomatic world.

Not that Bonn will have to worry about where to put up government visitors — Gymnich will continue its lodging role till around 1989-90. By then, the new government guest house, the Hotel Petersberg facing down on the Rhineside hills and being renovated at huge expense, will be ready for business.

Going upmarket

The machine tool industry enjoys a gritty image but you could hardly have been aware of that during the opening of Yamazaki's new factory in Worcester this week.

With the car park packed with some of the more expensive machinery from West Germany's automotive industry 600 obviously well-heeled European dealers and suppliers were treated to a lavish buffet in an ornate marquee next to the £35m factory.

Yamazaki is the only family-owned business among Japan's top ten machine tool companies. While it has a reputation for clever and solid engineering it also has a reputation for show business. So it was not surprising that Teruyuki Yamazaki, the company's president, was delighted with what managers in the UK had set up as the main atraction.

This was a "wall video" at one end of the marquee made up of 64 television monitors weighing a total of two tons and billed as the biggest ever built in the UK. Guests sipped British wine and Malvern water as they watched a film about Japanese engineering in a style somewhere between Star Wars and The Man from Uncle.

Ball boy

Although motor racing is his great interest, Patrick Austen will be at Wimbledon this year with more than tennis on his mind. As the newly appointed chief executive of GTR's European sports, leisure and hosiery group, he supplies all the balls for the championship through Dunlop Slazenger. He also has some of the stars under contract —"I'll be watching Graff with professional interest, too."

Not that he is a stranger to Wimbledon. At Pretty Polly, the tights group where he was managing director—he is still its chairman—the company has always been closely allied with the women's game.

Not that he has had much time for either tennis or motor racing recently. In between looking for a house nearer his Croydon headquarters he has been to Indonesia, Hong Kong, the Philippines, the US and West Germany. And since his company supplies balls to three of the main championships a trip to the Australian Open in January seems on.

Observer

A race to deliver

Demand for express mail is strong, but, says **Kevin Brown**, Europe is proving a difficult market

	35 gram letter London to Austin, Texas	2 kg package Paris to Sydney
XP EXPRESS PARCEL SYSTEMS	£19.00 2 days	£72.00 2 days
PUROLATOR COURIER	£16.00 overnight	£45.00 4 days
EMERY WORLDWIDE	£18.00 2 days	£60.00 3 days
IML AIR COURIERS	£37.90 overnight	£66.00 2-3 days
FEDERAL EXPRESS	£18.00 2 days[1]	£49.50 4 days[1]
TNT SKYPAK	£59.50 2 days	£94.00 2 days[2]
DATA POST	£21.00[3] 2-3 days	£41.00 3 days
RED STAR	£35.00 2 days	—
DHL	£26.80 overnight	£87.00 2 days

1 excluding weekends
2 premium service
3 plus £3.00 collection

A BATTLE is being waged in the skies over Europe as the giants of the express delivery business fight for a share of one of the Continent's fastest growing industries.

So far, it is a war without casualties; but, for many, the high cost of entry also means that it is a campaign without profits.

The front line is in Brussels, where six of the top ten specialist carriers have established their operating headquarters, but skirmishing is also going on in Maastricht, in the Netherlands, and Cologne, West Germany, which so far have attracted two each.

The combatants are part of an industry which has yet to convince the regulatory authorities that it exists as a business distinct from the more established air freight forwarders.

But the constituent parts add up to an industry with a worldwide turnover of around $16bn (£9.8bn) and an annual growth rate estimated at between 20 and 50 per cent.

This has been achieved from a standing start in 18 years—the period since Mr Adrian Dalsey, Mr Larry Hillblom and Mr Robert Lynn set up the first air courier service, DHL, in San Francisco.

They had the bright idea of carrying ships' papers by hand on scheduled air services, which helped to speed up turn-round times and cut port costs. Their company is still the largest international express delivery company, carrying more than 20m packages a year.

Four years later, ex-Vietnam fighter pilot Mr Fred Smith borrowed $75m to set up an airline dedicated to carrying express consignments throughout the US. Today, his company, Federal Express, has more than 58 per cent of the US domestic market.

These are the two major sectors of the market, though the dividing line between couriers and airline operators has become blurred as the industry has grown.

Other major players have entered the market by different routes. Emery Worldwide, for instance, was a freight forwarder until Mr John Emery, the chairman, decided to move into express mail six years ago. The Australian giant, TNT, started out as a one-man trucking business in 1946.

The industry also includes thousands of small operators, often working within one country, or even one region, and delivering by truck, van or motorcycle.

A survey carried out recently for one of the bigger British companies estimated that in the UK alone there were 1,000 domestic courier services (though only 11 provided a national service) and 125 international services.

What all these companies have in common is a concentration on speed of delivery rather than method or cost. For a premium payment they will deliver anything from a few sheets of paper to a television

With the rate of growth in the US levelling off, Europe is seen by the American companies as the overseas market with the greatest potential because of its big population, high standard of living and closely connected economies.

It is gradually becoming clear that the market is worth substantially more than the $500m to $600m a year estimates of only a few months ago. It is possible that combined turnover is already approaching $1bn, compared with $7bn-$8bn in the US.

Few of the companies will reveal their budgets for their expanding European market share, but large sums are being spent on acquiring aircraft and setting up sorting centres, known as hubs, where the aircraft deliver and pick up loads.

Brussels airport has attracted DHL, Federal Express, Express Mail Services, Pandalink, Securicor and TNT Skypak. United Parcel Service has set up its hub in Cologne, as has Elan, while Emery and XP have both gone to Maastricht.

Despite all this investment, European express services are still limited in scope, variable in both cost and quality and, on the whole, primitive by the standards set in the US. Not all companies deliver to all addresses in a given country, and collection and delivery times can vary enormously.

In addition, many lack sufficient staff to keep full control of packages, with the result that packages can go astray between airport and front door.

Few of the companies have advertised much outside the relevant telephone directories and some can be difficult to contact.

Mr Clive Anderson, transport analyst at stockbrokers Kitcat & Aitken, says: "Looking at the UK to France market, for instance, you can get something from London to Paris alright, but if you want to get it into Bordeaux it is a very different matter.

"I think most of the companies are probably too domestically orientated, so that if you want to send something across a border you are perceived as going out of the system."

The US companies also admit that they face much stronger opposition from the European post offices than was the case in the US, where the postal service has long had a poor reputation. This was underlined last week by the announcement of a joint venture between 12 national post offices to integrate their express mail operations.

And there are other problems. For example, Mr John Dauernheim, vice-president of international operations for Federal Express, says his company found itself "facing multiple government bureaucracies and international red tape."

The difficulties have included:

- Reassuring governments that their national airlines were not about to lose all their freight business.
- Overcoming postal monopolies and restrictions. This has largely been achieved as the express operators have established themselves
- Coping with the customs problems of crossing European borders. This demands substantial expertise, particularly if it is to be done quickly, and the express companies have so far been unable to persuade the customs services that they merit special treatment. However, the Customs Co-operation Council, a worldwide co-ordinator, is expected to vote later this month for a one-year trial of guidelines intended to reduce this difficulty.

The completion of the EC internal market, scheduled for 1992, should also reduce or eliminate border problems between the 12 member states.

The development of the market is also hindered by the tight control of aviation in Europe — in contrast to the US, where cargo airlines were deregulated by President Jimmy Carter in 1977, triggering a five-fold increase in air cargo transport.

A lobbying campaign is going on to achieve deregulation in Europe, at least between European Community countries. Meanwhile, the express delivery war goes on.

The EMS: advance or face retreat

By Edouard Balladur, France's Finance Minister

NEARLY 15 years ago, European Community leaders asserted their will to achieve the economic and monetary union of Europe. In so doing they laid the foundation of what was later to become the European Monetary System. Although there have been difficulties, the EMS has been a success, as the disadvantages widely associated with floating currencies around the world indicate.

It is perhaps this success which has led some to think that we have reached an equilibrium which it would be dangerous to upset.

Personally, I believe it would be a serious mistake to think that we can make do with the status quo. Europe's coming of age should be expressed through a monetary identity, as the Single European Act provides for.

The creation in 1992 of the European internal market will radically change our economic and monetary environment and present circumstances are particularly favourable for strengthening the EMS.

Let us recall the lessons of history: the establishment of large economic communities has often given rise to the issuance of a single currency, even though internal regulatory, tax and legal barriers remained: the US and Germany are examples.

The case of Europe is different, for historical and political reasons. Yet I do not believe that a move as radical as that which will occur in 1992 will be possible without concomitant strides in the monetary sphere.

Moreover, it is impossible to maintain the status quo in monetary matters. It will not be possible to establish the internal market without liberalising capital flows. That freedom will further limit the autonomy of domestic, economic and monetary policy.

No political leader can face this fact with pleasure, but its reality is undeniable. Without greater convergence in our economic policies, not only the monetary system but all the European projects, and in particular the internal market, would be in jeopardy. Europe would have wasted its opportunities, at a time when international competition is bearing down hard.

Moreover, the international environment has never been so favourable, to strengthening the EMS since there is now not only a consensus among the major industrial countries on the appropriateness of the exchange rates of major currencies, but the will to act together to stabilise them around current levels.

At the same time, there is a better climate for international co-operation. Europe can no longer use its partners' egotism as an alibi. The rules of conduct laid down in the Louvre agreement have been adhered to by all.

Within the Community, circumstances are also favourable: never has the need for convergence in economic policy been so widely accepted.

We may thus at last overcome the historic quarrel between the monetarists, who favour prior monetary discipline, and those who believe that monetary order should be left until the final stages of economic union. Today, the disciples of the former recognise the importance of healthy, convergent policies, and the latter no longer challenge the discipline that the existence of an exchange rate mechanism has brought about.

But if circumstances are so favourable and the cause so urgent, what are the obstacles to a stronger European Monetary System?

The difficulty stems from the fear of losing one's ability to make independent decisions. Such a concern is to be highly regarded. However today, no matter how strong or dynamic a country may be, complete autonomy no longer exists. Our world is interdependent: even the US has accepted that fact. Japan as well has endured the pain of learning. Europe may continue to meditate on the consequences of the exchange crisis it suffered last winter.

The crisis could doubtless have been avoided. It reveals, I believe, a flaw in the working of the EMS, which does not spontaneously lend itself to an appropriate sharing of adjustment efforts. By failing adequately to co-ordinate exchange market intervention and action on interest rates, France and West Germany achieved the opposite of the results they sought.

France lost reserves and agreed to a revaluation of the D-Mark which was hardly justified by economic fundamentals; Germany absorbed huge amounts of foreign exchange which inflated the money supply it was attempting to control through high interest rates. It was finally forced to revalue its currency and lower interest rates.

Who benefited from all this? In today's environment, how can we avoid asking what room is left for the concept of an independent monetary policy?

Indeed, this experience should reinforce our resolve to strengthen the European exchange rate mechanism, to make it less vulnerable to external shocks and to the new magnitude of capital flows.

Is that possible without completing the famous "second stage" of the EMS and without pre-empting the final phase of the construction of a single European market? I believe that it is.

We must first of all adopt a common attitude towards the dollar and the yen, leading to co-ordinated intervention by European central banks. Ranges of fluctuation for these currencies vis-à-vis European currencies should be jointly defined, taking account of economic fundamentals as well as market expectations.

Of course, the stability of the international monetary system does not depend solely upon Europe. The participation of our major partners is essential, but we can and must make our own contribution.

Second, we must enhance the cohesion of the EMS by improving the coherence of our economic policies. The burden of adjustment during periods of tension would then be better shared and more fully reflect the evolution of economic fundamentals. The exchange mechanism is a good warning signal but it does not provide an analysis of the causes of tension. France proposes organising surveillance and analysis on the basis of a small number of indicators, focusing in particular on economic and financial interactions among our economies.

The surveillance efforts undertaken among the major industrial countries should be transposed to Europe, where economic and monetary integration is far more advanced.

Third, the robustness of the exchange mechanism and the means of action of European central banks in the face of speculative capital movements must be reinforced. They are already considerable; but we must demonstrate our determination.

Several avenues are open to us. The extension and reinforcement of Community credit mechanisms would allow for the better countering of speculative movements. Endowing the European Currency Unit with the characteristics of a real reserve asset and increasing mutual holdings by European central banks of their partners' currencies would make it possible to diversify the choices offered to investors and reduce the risks of tension.

None of these measures would require any transfer of responsibility between governments and central banks, or any change in the Treaty of Rome. This does not mean that France is deserting its more ambitious ideas in monetary matters, much less the commitments it undertook when the EMS was created. European leaders had planned as early as 1978 to complete a second stage through the creation of a European monetary institution endowed with a degree of supranational authority. I am convinced that these reforms should be rapidly considered and implemented.

Will we move toward a common currency through several gradual stages, as would seem logical, or rather in one great leap?

Will the European Fund for Monetary Co-operation turn out to be the embryo of a European Central Bank? What powers should such a body have? What would its relations be with political authority and what would this latter be?

These are questions for the future. But they cannot serve as an alibi for a passive attitude, which in today's troubled world could endanger the valuable asset which the EMS represents. I strongly hope that all will see the light in this matter and make the necessary efforts to improve a system which is in need today of greater strength and balance.

It should be clear to all: the EMS must be perfected, or it will lose substance, cohesion and efficiency. To safeguard it, it must be reformed.

Letters to the Editor

Pricing gas to industry

From the Managing Director, Tunnel Refineries

Sir,—In April last year you kindly published my letter on the subject of electricity pricing for manufacturing industry in the UK. At that time this nation was considering a 5.5 per cent increase in electricity prices while our European counterparts were reducing electricity prices to industry.

Eventually electricity prices for major users were reduced to reflect market conditions. While this relief was welcome, as a nation we still remain out of line with many of our Continental competitors in terms of having a clear cut policy.

As a nation we need to ensure that in the redrawing of the industrial map of Europe, following our membership of the EEC, manufacturing industry in the UK is provided with every opportunity to compete on the same terms and conditions as our Continental competitors, not least of all to secure future employment for a significant proportion of our population.

In my letter I also made reference to the fact that a higher degree of own electricity generation could be anticipated in future years as a consequence of the current UK policy in respect of electricity for major users. This is in fact the case and this policy has been positively encouraged via the Energy Efficiency Office.

Wishing to achieve cost savings from a higher proportion of own generation, we were somewhat dismayed to learn that while we purchase significant quantities of gas for steam generation, British Gas is considering that should this same gas be used for generating electricity, via a combined heat and power (CHP) scheme, the gas used will be charged at a premium of up to 45 per cent!

At the present time this policy is supposedly only under consideration by British Gas, but such uncertainty and lack of a clear policy statement is sufficient to prevent companies making investment decisions that will help to maintain competitive manufacturing industry in the future. I applaud the payment of dividends to shareholders of private enterprise but in the case of British Gas should this be at the expense of hard-pressed British manufacturing industry?

H. Fox.
Thames Bank House,
Tunnel Avenue, SE10.

Denial of democracy

From Mr M. Priestland

Sir,—Once again we have a minority Government with a significant majority of the people represented by a minority of MPs—a minority of MPs moreover who can achieve little or nothing in preventing a Government from implementing policies which the majority of the voters have voted against.

But what is strangest of all is the almost total absence of comment on this curious manifestation of democracy by the media. The issue is not whether this denial of democracy is fair to the political parties who are thus rendered impotent for another four years but whether it is fair to the people of this country—and it clearly is not.

The only argument in favour of this undemocratic process put forward is that it leads to "strong government." But we need to ask whether "strong government" in a direction that the majority do not want is in the least desirable.

Since the Government is hardly likely to be willing to change this absurd system is it not time that the press in particular, and the media in general, attempted to shame the Government into reviewing our undemocratic constitution.

Mike Priestland.
Coach House,
Market Lane,
Laugharne, Dyfed.

Achievable targets

From Mr I. Taylor

Sir,—After the defeat of Labour in the General Election, I was sorry to hear Mr Kinnock, in his first public comment, already talking about the deaths and suffering which the electorate had imposed upon itself or its less fortunate countrymen by failing to vote Labour into government.

Surely one of the reasons for that defeat is that the electorate has decoded the language of rhetoric and is not swayed by its message.

"Cuts," for instance, meaning not reduced resources in money terms, not reduced resources in real terms, not even failure to increase resources in real terms but meaning failure to supply additional resources to achieve some arbitrary target set by the user of the expression "cuts."

"Uncaring" for another, meaning the acknowledgment that such arbitrary targets are poor substitute for real achievable targets and a measurement of progress towards achievement of them. As Mr Richard Dimbleby said on June 10, "but, Mrs Thatcher, you are only quoting statistics."

Mr Kinnock's rhetoric fails to acknowledge that whatever level of resources are achieved, for the national health service for instance, there will always be a limiting point at which there will be a danger of people suffering, yes, even dying, for the lack of extra resources. The argument should then be about which party policies will likely provide the most resources. Whether these resources relate to health, Scotland, retirement or any one of the other key issues such as Third World aid they depend upon the economic prosperity we achieve. So we may conclude the key question is "which policies will maximise the economic prosperity of the United Kingdom?"

It would appear that, taking the long-term view and by comparing actual performance records, the voters have arrived at an answer.

I. J. C. Taylor.
Soroba House,
Ardfern,
Lochgilphead, Argyll.

Electoral reform

From Mr S. Cox

Sir,—There has been much talk about Labour Governments being elected on Scottish votes. The fact of the matter is that every Government in this country is a minority. Sometimes we have a minority Labour Government, foisted on to us by the Scots and the Welsh. At other times we have a minority Conservative Government, foisted on to us by the south.

Doomsday has been created by the electoral system: under proportional representation the Conservatives would have received considerably more seats in Scotland and the Scots would not see a landslide Conservative victory in the south.

Stephen Cox,
Electoral Reform Society.
6 Chancel Street, SE1.

Postal black spots

From Mary Clarke.

Sir,—Your feature on Post Office reforms (June 8) refers to "persistent black spots in the postal service, such as parts of central London".

In our experience, our local post office in Farringdon Road is exemplary but the blackest spot we have encountered is in bulk posting our magazine from Gillingham, Kent.

This month our printer posted on June 4. By June 12, subscribers still had not received their copies. This despite our bitter complaints for the past year and Post Office promises every month that the situation will improve.

Mary Clarke,
Dancing Times,
45-47 Clerkenwell Green, EC1.

Exploring for oil

From the Chief Executive Officer, Jackson Exploration Inc

Sir, — I have long been impressed with the breadth of coverage by your paper, but the article by Ms Kellaway (June 13) entitled "Dry time for US independents" raises some questions. It is true that, as the article states, Jackson Exploration's share price is today a fifth of the level two years ago. This reflects the failure of our initial overseas exploration programme to find commercial quantities of hydrocarbons. Your article is, however, quite incorrect in categorising Jackson as a company that took advantage of UK funds for US exploration.

We consider the onshore US oil and gas business to be a graveyard. The companies that remain active there at the present time are mainly tax-driven partnerships, overseas investors, US utilities that can pass all costs on to domestic customers and perennial optimists. The companies that know the US best are either exploring offshore, in Alaska, or inactive. Jackson has not spent meaningful funds for US exploration since 1979. We have raised $40m from shareholders since going public in 1981 (half of which I personally contributed). All these funds have been applied to international activity, building a first-class exploration team, obtaining six overseas concessions, acquiring over 10,000 km of seismic data and drilling nine exploratory wells on prospects with good expectations for substantial reserves. Our ability as an operator in international exploration is evidenced by the sort of partners we have been able to attract (all major international oil companies). The Governments of Indonesia, Colombia and Brunei researched our company, and saw fit to allow us to act as operator for the various groups in each country. I would suggest that only a few of the companies that are quoted in the oil and gas section of the London share service in your paper can claim such a level of industry acceptance.

Melvin W. Jackson, Jr.
8235, Douglas Ave,
Suite 600 LB-84,
Dallas, Texas 75225.

FINANCIAL TIMES
Wednesday June 17 1987

Reagan strongly denies arms deal

PRESIDENT Ronald Reagan, in one of his strongest denials of involvement in the secret diversion of funds to Nicaraguan Contra rebels, yesterday said there was no evidence that would warrant impeachment proceedings against him, Reuter reports from Washington.

"There ain't no smoking gun," Mr Reagan shouted to reporters as he entered a lunch with Senate Republicans.

A reporter had asked Reagan about a comment by Congressman Lee Hamilton, chairman of a congressional committee investigating the Iran-Contra scandal, that there would be demands for impeachment if the panel found the President had approved the diversion to the revels of profits from clandestine arms sales to Iran.

The search for a "smoking gun" – incriminating evidence – drove investigators in the Watergate scandal that brought the resignation of President Richard Nixon in 1974.

Joint Senate-House of Representatives hearings on the Iran scandal are in recess until June 23. No evidence emerged during the first six weeks of hearings to implicate Mr Reagan directly in the diversion of funds, or to contradict his insistence that he had no knowledge that funds were funnelled from Iran arms sales during 1985 and 1986 to Contra rebels at a time US military aid was banned by Congress. One of the key questions in the probe is what Mr Reagan knew about the possibly illegal diversion of funds.

The diversion was directed from the White House, according to evidence by former National Security Council staffer, Lt Col Oliver North. Lt Col North was fired by Mr Reagan when the scandal broke on November 25. Investigators are trying to trace a key memorandum discovered in Lt Col North's files that outlined the diversion scheme. The document was intended for Mr Reegan and investigators want to find out if it ever reached him.

During a television interview on Sunday, Mr Hamilton said that, if it was found that the memo reached Mr Reagan, there would be a "demand for impeachment proceedings." He said: "If that memo had reached the hands of the President and he had approved it, that would be the smoking gun."

Earlier yesterday, Mr Reagan's chief of staff, Mr Howard Baker, told reporters that Reagan knew nothing about the document.

Wounded bull battles taunters

BY LIONEL BARBER IN WASHINGTON

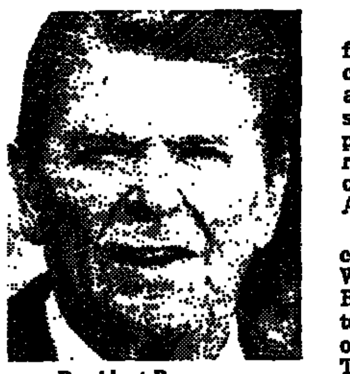
FOR A FEW brief moments on Monday night, President Ronald Reagan departed from his prepared speech to the nation and read from an old bullfighter's poem.

"The bullfight critics, ranked in rows, fill the enormous plaza full. But only one is there who really knows and he's the one who fights the bull."

Mr Reagan's use of this quote was a clear attempt to erase the widely held impression that he is a detached bystander, unable to influence events.

Mr Reagan, stung by press criticism of his stumbling performance at the inconclusive Venice Summit, said the critics in the press and in Congress had got it wrong. He was there and "the truth is that we came home with everything we had hoped to accomplish."

Such claims require a suspension of belief, in the light of the tepid final communique and the tangible waning of US influence over the six other summiteers. The rest of Mr Reagan's speech contained similar high-flown claims which critics would say takes little account of the new political reality in Washington: a President, beset by scandal and largely stripped of authority, facing a Democrat majority in Congress, rushing to fill the vacuum.



President Reagan – addressing the nation

Mr Reagan's plea for budget reform included a familiar call for a constitutional amendment for a balanced budget and a veto on specific spending items. He dressed up this proposal as an "economic bill of rights" and said he would take it over the heads of Congress to the American people.

Five years, or even two years ago, congressmen from Florida to Fort Worth might have taken note. Mr Reagan's uncanny ability to tune into ordinary Americans on a range of issues inspired universal respect. Today, post Iran-Contra, Reykjavik and the loss of control of the US Senate to the Democrats, the spell has been broken and as one political commentator said this weekend: "There is a feeling that the country has moved beyond Ronald Reagan."

Earlier this year, when Mr Howard Baker took over as White House Chief of Staff, there were hopes of a revival. It was probably asking too much of the respected former Tennessee Senator. Indeed his loose managerial style at the White House – not seeking to intervene in policy debate and "letting Reagan be Reagan" has accentuated the feeling of drift.

Defying predictions, Mr Baker has not sought to deal with Congress on the budget deficit and has allowed the President to grind out old attacks on "tax and spend" policies. Indeed Mr Baker and his new team have infuriated Democrats by a failure to consult on numerous issues – the latest and most costly tactical error concerned the submissions and withdrawal of the sale of Maverick anti-tank missiles to the Saudis.

But any criticism of Mr Baker is largely a criticism of the president whom he serves.

The image of the bullfighter is not the most apposite: far more, Mr Reagan resembles the old bull, wounded and stiff, defying a crowd which is waiting for the next act.

Taiwan to buy six Boeing airliners

By Bob King in Taipei

TAIWAN plans to buy six new Boeing 747-400 passenger jets worth $1.7bn, as well as another $645m worth of US agricultural, environment protection and other products during two buying missions to the US next month.

The purchasing missions, which will be led by heads of major state-owned companies, will for the first time also explore the possibility of investment in the US by government enterprises.

Such missions, which one government official unabashedly called "political purchasing," have since 1980 bought more than $8bn worth of US goods in efforts to strengthen American goodwill and reduce the continuing trade surpluses which Taiwan runs with the US.

Taiwan had a trade surplus of $13.6bn with the US in 1986 on exports of $19bn, and expects the surplus to rise to $18bn this year.

The details of the aircraft purchase are not clear. Government officials said only that Taiwan had made "a long-term commitment" to buy the advanced Boeing jets and that no contracts had yet been signed.

No timetable for delivery has been set and China Airlines, Taiwan's flag carrier, might accept the aircraft over several years. Negotiations are continuing over the possible purchase of another four aircraft from Boeing.

The two purchasing teams, which will leave for the US next month, are scheduled to visit several states during their visits. Officials hope to find ways of making significant investments in US high-technology industries as a way of gaining technological expertise and of making more effective use of its bulging foreign exchange reserves.

At more than $60bn, these reserves are now the third highest in the world after West Germany and Japan.

Gandhi faces strong challenge in Haryana state elections

BY JOHN ELLIOTT IN NEW DELHI

THE RULING Congress (I) Party of Mr Rajiv Gandhi faces the risk of a serious setback today in regional elections for the state assembly of Haryana, which would further reduce his authority as Indian Prime Minister after several months of electoral and other political setbacks.

His party is not expected to achieve an outright win against two major opposition groups in the state, which has a reputation surpassing most other areas of India for corrupt and caste-based politics.

Instead, the Congress (I) is quite likely to be defeated by one of the opposition groups formed by a branch of the Lok Dal led by Mr Chaudhery Devi Lal, a major local political figure, and the right-wing Bharatiya Janata Party (BJP).

If voting is close for the 87-seat assembly, the result will be decided by successful independents who, according to past practice, will sell their support to the highest bidder for cash and government posts. There are 988 independents standing out of a total of 1,272 candidates.

Haryana is a prosperous farming state lying between the capital of New Delhi and the troubled northern state of Punjab. The Congress (I) Party has won an election here outright only once in Haryana's 21 years of existence so, taken in isolation, defeat should not be a major political blow for Mr Gandhi.

But the Prime Minister has been faring badly on a number of fronts recently, including the loss of two prestigious state elections in West Bengal and Kerala earlier this year. There has been a series of defeats in regional polls since his general election landslide victory in December, 1984. So defeat today would further erode his already weakened national authority at a time when he urgently needs a political boost.

Haryana is affected by neighbouring Punjab where more than 400 people have been killed so far this year in violence created by Sikh extremists. Mr Gandhi's national government has failed to find a peace settlement to end the Punjab crisis which led to 14 people being assassinated in Delhi last weekend.

Today's result will partly reflect the reacition of India's majority Hindu population to this failure. Last month, in what was seen as a Hindu vote-catching initiative, Mr Gandhi suspended the Sikh-dominated Punjab assembly and introduced president's rule. But this has failed to slow down the violence, and is unlikely to win him many votes today.

Haryana is dominated by the Jat farming caste whose loyalties are split between Mr Devi Lal and a Congress (I) leader. But the Congress is weakened because Mr Gandhi has failed to stop the polls becoming a personal battleground for political survival between two (unrelated) rival leaders of his party in the state, Mr Bansi Lal and Mr Bhajan Lal, respectively Haryana's current and former chief minister.

Iran defends Turkish snub

IRANIAN Prime Minister Mir-Hossein Mousavi yesterday defended his controversial decision not to pay homage to Turkey's secularist founder, saying he would have been hypocritical to do so, Reuter reports from Ankara.

Mr Mousavi's refusal to visit the mausoleum of Mustafa Kemal Ataturk during a three-day stay which ends today was heavily criticised by the media and politicians as disrespectful.

Mr Mousavi cancelled a scheduled news conference yesterday and flew to the central Anatolian town of Konya, a stronghold of religious fundamentalism, where he visited the tomb of the 13th century mystic and poet Jelaladdin Rumi, founder of the Mevlana Whirling Dervishes sect.

"Our basic views differ completely from those of the founder of the Turkish Republic...while there are these differences we would have been hypocritical to have visited the mausoleum of Ataturk," Mr Mousavi was quoted as saying in Konya by the independent Huriyet news agency.

Mr Mousavi said at a dinner hosted by Turkish Prime Minister Turgut Ozal on Monday night that the only way to safeguard ships in the Gulf was to force Iraq to stop attacking commercial vessels.

Simultaneously, an Iraqi minister said in Baghded that the attacks would continue, in efforts to stop Iran from financing its Gulf war effort through oil export revenues.

"As we have said many times, we want to ensure free navigation in the Persian Gulf," Mr Mousavi told the dinner guests, "with ships not attacked and with the superpowers and other non-regional powers staying away..."

A Tehran radio version of his speech, monitored by the BBC, quoted him as also saying: "In short, we believe insecurity can only be eliminated from the Persian Gulf if the aggressive regime (Iraq) is forced to cease its attacks on commercial vessels."

On economic issues, Mr Mousavi said current co-operation between Turkey, Iran and Pakistan could be the nucleus for an Islamic common market. "We believe setting up an Islamic common market is a necessary step to bringing the Islamic countries closer," he said.

Mr Mousavi, who returns home today, arrived in Ankara on Monday to protests from the media and from opposition politicians over his refusal to visit Ataturk's mausoleum – standard protocol for Turkey's state guests.

Since the 1979 Islamic revolution in Iran, the media in Tehran has attacked Ataturk for secularist policy

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	S	25	77	Malta	S	29	84	Rhodes	S	31	88
Algiers	S	25	77	Edinburgh	F	14	57	Manchester	R	12	54	Rio de J'o	R	31	88
Amsterdam	F	14	57	Faro	S	22	72	Manila	R	30	86	Rome	C	22	72
Athens	S	30	86	Florence	F	20	68	Melbourne	S	11	52	Salzburg	R	10	50
Bahrain	S	40	104	Frankfurt	R	13	55	Mexico City	S	25	77	San Francisco	S	20	68
Bangkok	C	33	91	Funchal	C	21	70	Miami	C	30	86	Seoul	F	25	77
Barcelona	S	21	70	Geneva	C	13	55	Milan	F	22	72	Singapore	F	30	86
Beirut	–	—	—	Gibraltar	S	21	70	Montreal	C	21	70	Stockholm	R	10	50
Belfast	C	13	55	Glasgow	F	14	57	Moscow	S	25	77	Strasbourg	R	12	54
Belgrade	F	26	79	Guernsey	F	13	55	Munich	R	9	48	Sydney	C	15	59
Berlin	R	11	52	Helsinki	R	16	61	Nairobi	C	21	70	Taipei	C	25	77
Biarritz	C	14	57	H. Kong	C	26	79	Naples	F	23	73	Tangier	S	24	75
Bombay	R	23	73	Innsbruck	R	14	57	Nassau	S	33	91	Tel Aviv	S	29	84
Bordeaux	F	16	61	Inverness	F	14	57	New Delhi	F	36	97	Tenerife	S	24	75
Brussels	R	14	57	Islamabad	S	38	101	New York	S	34	93	Tokyo	S	26	79
Budapest	F	20	68	Istanbul	S	29	84	Nice	S	22	72	Toronto	C	30	86
B. Aires	S	12	54	Jakarta	S	34	93	Nicosia	C	35	95	Tunis	S	26	79
Cairo	S	34	93	Jersey	C	14	57	Oporto	S	29	84	Valencia	S	23	73
Cape Town	C	17	63	Jo'burg	S	19	66	Oslo	R	14	57	Venice	C	23	73
Caracas	R	26	79	[illegible]	C	20	68	Paris	C	12	54	Vienna	C	14	57
Casablanca	S	23	73	Lisbon	S	21	70	Peking	S	30	86	Warsaw	C	12	54
Chicago	C	28	82	London	F	15	59	Prague	F	11	52	Washington	F	26	79
Cologne	F	13	55	Los Angeles	S	24	75	Reykjavik	R	11	52	Zurich	C	11	52
Copenhagen	C	13	55	Luxembourg	C	9	48								
Corfu	S	30	86	Madrid	S	28	82								
Dallas	F	22	72	Majorca	S	26	79								
Dublin	R	11	52	Malaga	S	22	72								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

German steel aid plea

Continued from Page 1

European market, which has hit West German producers particularly hard because of the appreciation of the D-Mark. The problems have been exacerbated by the failure of the EC to agree further necessary production cuts.

Several large companies including Thyssen, Kloeckner-Werke, Hoesch and Krupp, have alredy announced or hinted at large lay-offs during the past few months.

The Bonn Government, especially the forthright Mr Norbert Bluem, the Labour Minister, has been trying to force the steel companies to put up more money for alternative job creation and for social measures to cushion workforce cuts.

Mr Bluem, who is on the left of Mr Kohl's ruling Christian Democratic Union (CDU) and is still a member of IG Metall, argues that most steel companies have now successfully diversified out of core-steel business and are still making sufficient profits to avoid heavy job cuts.

However, the industry has become progressively more critical of the Government' alleged failure to protect it from EC steel measures decided in Brussels.

Liberalisation of the EC's steel-quota system, the industry says, has exposed West German producers to far heavier cheap competition, with production subsidies especially to nationalised companies in France and Italy continuing unabated.

IBM hits back at competitors with new products

By Alan Cane in London

IBM, the world's largest computer manufacturer, yesterday took a further major step to persuade customers and critics that it is overcoming the networking inflexibility which is costing it sales against smaller, more versatile competitors.

It announced a series of products designed to make it possible for its customers to manage their data networks in a simpler and more effective way and to connect virtually any piece of computing equipment to any other.

The significance of the announcement was indicated by the level of the simultaneous press conferences IBM held world-wide to announce the new products. In the UK, Mr Tony Cleaver, IBM UK chief executive, said that IBM had established a new foundation for networking evolution.

Details of the products – connectivity devices, network managers and high-quality video display screens – were of a highly technical nature; the kind best understood by systems engineers and data processing managers.

The reason IBM made so much of the launch of such technical products was that it has been losing market share to other manufacturers, especially Digital Equipment Corporation (DEC) because of its poor networking performance.

Modern data processing demands that all sizes of computer from mainframes down to personal computers should be able easily to communicate with each other.

Businesses have the best chance of using their computer systems to secure competitive advantage if they can easily be connected together into networks.

DEC, the world's second largest computer manufacturer, has a range of machines which share a common design and which are therefore comparatively simple to link together.

IBM had, until quite recently, at least seven different designs of computer, none of which could communicate easily with any other.

It was a major point of contention with IBM's customers, and the company had been losing significant orders to DEC.

Yesterday's announcements are clearly intended as a signal that IBM now can match DEC's networking capability. They are the latest in a series of launches planned to cut back DEC's advantage. Others include a common applications software design (SAA), a departmental computer (9370) and a new personal computer family, the Personal System/2.

Mr Cleaver said the products pointed the way to the "lights out" control centre, where a company's network was managed automatically.

NatWest lifts provision for doubtful loans

Continued from Page 1

50p to 753p. Lloyds was up 20p to 598p and Barclays up 26p to 604p. Midland's shares fell 8p to 620p because of fears that it would be forced into a rights issue.

Manufacturers Hanover, one of the biggest and most exposed US lenders to the Third World countries, said yesterday it would maintain its dividend in spite of the second-quarter loss of $1.4bn after boosting its loan loss reserve.

The New York-based group said it was increasing its reserve for possible loan losses to $2.7bn, or 4.9 per cent of total loans, to "reflect recent developments relating to the debt situation of refinancing countries." The new reserve will be the equivalent of 77 per cent of its non-performing loans.

Within the total reserve of $2.7bn, about $1.85bn has been allocated as a reserve for the group's $8.4bn of loans to 31 refinancing countries. This represents 22 per cent of loans to those countries and 28 per cent of the $6.7bn Manufacturers Hanover has lent to the five largest Latin American debtors – Argentina, Mexico, Brazil, Chile and Venezuela.

Manufacturers Hanover is one of the last big US money-centre banks to boost its loan-loss reserves.

The second quarter loss of $1.4bn and a projected loss of $1.05bn for the full year will reduce its common stockholders' equity from $3.1bn to $1.7bn, while its equity ratio drops from 4.2 per cent of assets to 2.3 per cent of assets.

However, the stock market has responded positively to the decision. Manufacturers Hanover shares were unchanged at $44⅞ in early trading on Wall Street after the announcement.

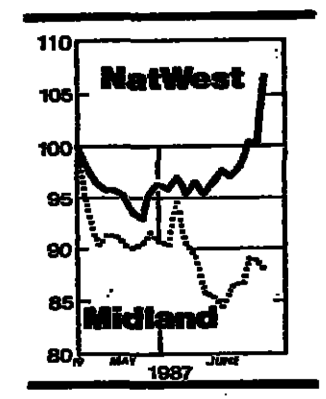
THE LEX COLUMN

The presses keep rolling

Selling BPCC's first fully fledged rights issue to those institutions which remain sceptical would be a great deal easier if Mr Maxwell could conveniently self-destruct. The "Maxwell discount," which has dogged BPCC's share price since an early honeymoon, is grounded in style in which he is seen to run his public companies. To those who have not been convinced by reports of his conversion to the joys of delegation, there was always something slightly chilling in that target of £3bn to £5bn of revenues "and earnings per share to match." Now they know the worst and some of them are howling.

It is true that dilution is likely to be hefty this year (even in the someway unlikely event of the HBJ bid succeeding) and earnings growth may even be static next; that is hardly going to help reverse the 20 per cent share price underperformance of the past six months. It is also true that if the HBJ bid fails, some of the supplementary reasons for this latest and largest issue look a bit thin: for example £230m to invest in the British Newspaper Printing Corporation when at present it only has one major contract – Mirror Group Newspapers. But while more orthodox public companies would have been retaining rather more of their earnings for investment, is that sufficient reason to condemn this hugely ambitious growth strategy? The non-Pergamon investors in BPCC – now enjoying gilt-level yields – know what to expect and usually get it. Some of yesterday's anguish appeared to emanate from analysts who had placed their bets on a rerating.

However, the fact that Pergamon is taking up its rights at 285p just nine weeks after selling 30m shares at over 300p cannot be dismissed lightly. And for supporters of the issue to point out that at least there can be no more issues (above 5 per cent) without minority approval until 1989 is hardly a ringing endorsement.



Allied-Lyons

Just what does "fair and correct" mean in respect of the allocation of pension fund surpluses? These are fine words, and shareholders and pension fund members alike of Allied-Lyons can rest assured, according to the chairman Sir Derrick Holden-Brown in the annual report, that surpluses which are, apparently, continuing to pile up will be treated in this exemplary manner.

If only it were as simple as that. One man's surplus is another man's overprovision. There is no legal basis for allocating funds to a pension scheme over and above the sums needed to secure liabilities. Indeed, the Inland Revenue is now cracking down on the practice. Sir Derrick emphasises that the surpluses will not be available to predators, which may be another word for future shareholders, but what about current shareholders?

A "considerable surplus" dating back to April 1985 is unquantified, although it is "mainly" accounted for by £200m worth of benefit improvements. What about the remainder, and the further surpluses which have accumulated in the past two years? Shareholders can rest assured that the basis of application of such surpluses, and probably even their quantification, will be fair, correct and entirely obscure.

Northern Foods

The market has been giving Northern Foods a rough ride over the last 12 months, the shares underperforming the food manufacturing sector by 25 per cent. So yesterday's share price fall of 13p to 312p on results much as expected – £75.2m pre-tax up from £67.4m – was typical. Investors can see all Northern's problems, and the management is being creditably frank about them, but not all the solutions. Yet there should come a time when Northern will merit some rerating in the sector. The tough work of selling the bulk of the US activities and sorting out the UK under-achievers has largely been done. There will naturally be quite a large hole in US profits this year, which the UK business will not be able to fill in the first half. But thereafter the rationalisation benefits and the return on a high level of investment should be coming through. Profits for the year might still reach £83m, giving an undemanding multiple of around 12½.

Northern must, however, do even more to regain the market's former confidence. The strong balance sheet certainly allows acquisitions, but it is hard to find anything reasonably priced these days and Northern's track record has not been brilliant. With food retailers seeing little genuine volume growth and inflation low, Northern's bets on high-quality private label and chickens had better pay off.

NatWest Bank

WHEN CITICORP re-entered the real world on May 19 the share prices of NatWest and Midland Bank were within pence of each other and just above 700p. By yesterday's close the gap was over 130p. This suggests that the market is by no means as perfect as is supposed.

Bank analysts had long known that in balance sheet terms NatWest was the strongest and Midland the weakest of the clearers; the former had had its rights issue last year, the latter has continued to put off the evil day. And they had sufficient information to make good guesses on the effect greater provisions would have on the banks' financial statements. In any case, putting money into specific provisions is only an accounting sleight-of-hand; no cash actually moves. Indeed the whole round of bank provisioning is almost a collective confidence trick.

Even after the extra £466m of provisions announced by NatWest yesterday its prospective multiple is probably under 11 and it has shown that it is relatively better capitalised than Citicorp. Barclays and Lloyds will suffer more than NatWest if they follow suit. And the squeeze on Midland is every bit as severe as the market should always have known.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday June 17 1987

Maxwell launches rights issue to fund HBJ bid

BY RAYMOND SNODDY IN LONDON

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers of UK (MGN), yesterday launched a £630m ($1.02bn) rights issue to fund the continued pursuit of American publishers Harcourt Brace Jovanovich and the further international expansion of his British Printing and Communication Corporation.

The two-for-three issue of ordinary shares at 285p, which stockbrokers Alexanders Laing & Cruickshank say is oversubscribed, is Mr Maxwell's first rights issue.

The Daily Mirror publisher said yesterday that he and other companies within the Pergamon Group were putting up £330m in cash to pay for 51.45 per cent of the issue. The aim is to ensure that Pergamon retains the controlling stake in the enlarged BPCC.

Money from the sale of Mr Maxwell's stake in Extel and the recent sale of 30m BPCC shares for about £100m is being used to finance the new Pergamon held shares.

"Rarely, if ever, can a chairman have been so prepared to put his money where his mouth is," Mr Maxwell said yesterday.

A core of 14 institutions have sub-underwritten the underwritten part of the issue "because they want to become substantial shareholders in BPCC."

Mr Maxwell said he regarded this as a vote of confidence in the company by the financial community.

Mr Henry Poole, a Laing & Cruickshank partner, said the original aim had been to raise £500m with a one for two issue but the sum had been increased because of the interest shown.

As part of the issue BPCC has given undertakings that it will not issue new shares or debt convertible into equity representing more than 5 per cent of the capital before January 1 1989 without the agreement of a general meeting.

BPCC will also be offered the first option if Mirror Group Newspapers is sold before 1990. If there is a flotation of MGN, then BPCC shareholders will have preferential application rights.

The likely date for a flotation of MGN or a sale to BPCC was autumn next year.

Mr Maxwell made it clear yesterday that the rights issue was put together after the launching of the takeover bid for HBJ.

"If we cannot in the event acquire HBJ on satisfactory terms then we will pursue other opportunities and we will have the necessary resources and flexibility to do so,"

Mr Maxwell has long declared it his ambition to create an international communications company with a turnover between £3bn and £5bn by the end of the decade.

Leading Norwegian bank slips 17%

By Kevin Done, Nordic Correspondent

DEN NORSKE Creditbank (DNC), the leading Norwegian bank, suffered a decline of 17.2 per cent in operating profits before provisions for loan losses in the first four months of the year.

DNC said that operating profits fell by NKr 90m ($13.6m) to NKr 431m, chiefly as a result of the expensive financing of some of the group's domestic subsidiaries and lower profits at two foreign subsidiaries.

The bank said that it was taking extensive measures to cut the level of expenses which should have an impact on profits later in the year. It repeated its aim of achieving higher net profits this year than in 1986.

Last year DNC was clearly outperformed by its smaller domestic rivals Christiania Bank and Bergen Bank: its net profits fell by 43.8 per cent under the burden of heavy loan losses, especially in the oil and offshore sectors.

Net profits in the first four months recovered slightly by NKr 11m to NKr 140m.

The group said that provisions for losses on shipping and offshore loans made in previous years appear to have been greater than necessary and could result in some debt recovery in 1987.

At the same time, however, there could be increased losses from other problem sectors of domestic trade and industry.

DNC said that the bank was operating in an uncertain political and economic situation in Norway, and that it expected a continued squeeze on interest margins.

The Norwegian banks have become increasingly dependent on marginal funding, and margins have been squeezed hard by regulations

FRENCH CAR GROUP SET TO CONFIRM RECOVERY

Renault expects FFr 1bn net profit

BY PAUL BETTS IN PARIS

RENAULT, the French state owned car group, is expected to confirm its recovery with a net profit of up to FFr 1bn ($164m) this year after losing FFr 5.5bn last year and record losses of FFr 10.9bn and FFr 12.5bn in the two previous years.

Mr Raymond Levy, the new Renault chairman, is confident that the company will be in the black again in 1987, barring any unforseeable difficulties in the second half of this year.

But even in this unlikely event, Renault expects to be able to break even or report a relatively modest loss.

The net profits would include continuing heavy financial charges because of Renault's large debt load totalling about FFr 54bn. However, the company is hoping to reduce debt again this year after cutting it back by FFr 7.3bn last year. Financial charges are expected to amount to between FFr 4bn and FFr 5bn this year.

After retreating from its US car venture by selling its 46 per cent stake in American Motors Corporation (AMC) to Chrysler, and recapitalising its truck subsidiary Renault Véhicules Industriels (RVI), Mr Levy is concentrating his efforts on restoring the car group's balance sheet. Renault needs about FFr 14bn to restore its balance sheet to the black.

Mr Raymond Levy, Renault chairman, is optimistic about the prospects of a turnaround as management concentrates its efforts on restoring the car group's balance sheet. The aim is to achieve sales at good margins combined with steady domestic and European market shares. Renault needs FFr 14bn to take it back into the black.

However, the French Government has yet to indicate whether it plans to help restore the balance sheet quickly by a substantial injection of fresh capital, or by writing off of a large slice of Renault debt or whether it prefers to delay such an operation until after next year's French presidential elections.

By applauding the recent recapitalisation of RVI, which has seen France's three major commercial banks invest a total of FFr 1.2bn in the truck subsidiary and open the way for the eventual entry of private shareholders in RVI's capital, the government has clearly suggested that it would not oppose, in the longer term, a similar operation for the car company itself.

However, it is still too early to speak about a partial privatisation of Renault, which is not included in the current French privatisation programme.

In the meantime, Mr Levy is emphasising the need for Renault to improve profitability as much as possible. Indeed, he has indicated that Renault's policy at present was not to sell volumes at any price to gain market share, but to sell cars at good margins and maintain market share at current levels.

Renault in the first four months of this year had a 30.8 per cent penetration of the French market and a 10.6 per cent share of the European market as a whole.

Although investments were reduced last year, they are expected to pick up to about FFr 6 Bn this year. Renault says that it has kept up new model investment and has cut back spending in what it describes as non strategic sectors.

The sale of AMC to Chrysler comes into this category. Mr Levy came to the conclusion that Renault could not afford the risks of pursuing its costly US investment. Mr Levy is understood to have considered that AMC would have entailed additional financial risks of more than $1bn for Renault.

Mr Levy has also made it clear that he intends pursuing the broad recovery strategy started by his predecessor, Mr Georges Besse, who was killed by left-wing terrorists last November.

The goal of the car group is still to bring down its production break even point to a level of around 1,2m cars a year.

Paris keen on Air France share issue

By Our Paris Staff

THE FRENCH government is keen to open up part of the capital of Air France, the French national airline, to private shareholders to help finance the company's major fleet renewal programme.

Mr Jacques Douffiagues, the French Transport Minister, confirmed at the Paris air show yesterday that the Government was envisaging a partial privatisation of Air France's capital in the medium term to help finance a big fleet renewal programme starting in 1989.

The French Government currently controls 99.38 per cent of Air France with the remainder held by the Caisse des Depots, the large state financial institution.

Hopes fade for prospect of Sabena–SAS link

BY WILLIAM DAWKINS IN BRUSSELS

PROSPECTS for a merger between Sabena and Scandinavia Airlines System (SAS) receded sharply yesterday when the Belgian state airline confirmed that talks between the two were deadlocked.

Mr Carlos Van Rafelghem, Sabena's President, said that negotiations with SAS, started at the Scandinavian group's instigation 15 months ago, had degenerated into "an eternal discussion where nobody could have a clear viewpoint."

Speaking during the release of Sabena's annual results in Brussels, Mr Rafelghem said that during talks over the weekend to iron out differences between the pair, "unfortunately we came no nearer to each other." He said that no date had been set for further meetings with SAS, but this did not rule out all prospect of an accord. "I am an optimistic man," said Mr Van Rafelghem.

The prospect of a merger between SAS and Sabena has been held up by air transport experts as an example of how European airlines might join forces to cope with the wider competition being introduced into their industry by the EC's campaign against restrictive practices.

Mr Van Rafelghem said the talks had made no progress because Sabena could not accept SAS's suggestions that a co-operation accord should go beyond pure air transport to include non-airline activities.

Benetton favourite for Lanerossi

BY ALAN FRIEDMAN IN MILAN

BENETTON, the leading Italian casual clothes producer, has emerged in a partnership with Inghirami, another clothes maker, as the frontrunner in the Italian government's auction of Lanerossi, the textiles and clothing company, owned by the ENI State energy group.

The plan to sell off Lanerossi, which emerged last year from years of losses, ranks as an important privatisation move. It will certainly be the largest privatisation for ENI, which describes the textile business as "not strategic."

A joint Benetton-Inghirami offer offer appears to be leading the field of bids from other Italian and foreign companies. A formal decision is expected before the end of this month.

It is not known how much ENI is hoping to realise from the sale of Lanerossi, which employs 7,000 people and last year broke even on turnover of L586bn (US$446m).

Lanerossi's 11 factories are spread over the Veneto, Lombardy, Tuscany and Calabria regions. The company made huges losses in the 1970s, but has undergone major financial and industrial restructuring

Benetton and Inghirami, which are 50-50 partners in the Lanerossi bid, are believed to have pledged not to dismember the group if they succeed in acquiring it.

Paribas, the French merchant bank, has been advising ENI

Stora earnings rise by 60%

By Sara Webb, Stockholm Correspondent

STORA of Sweden, Europe's largest pulp and paper producer, said that profits after financial items rose by 60 per cent to SKr 840m ($133m) in the first four months of the year, once the acquisition of its domestic rival, Papyrus, is taken into account.

Stora made its SKr 6bn bid for Papyrus last October, and the results were consolidated at the beginning of January.

Yamazaki sales hit by rise in yen

BY NICK GARNETT

YAMAZAKI, one of the world's largest manufacturers of machine tools, suffered a drop of 20 per cent in sales revenue last year, mainly because of the rise in the value of the yen. Unit sales of machine tools remained largely unchanged.

Mr Teruyuki Yamazaki, the company's president, said pretax profit margins had been reduced to about 10 per cent compared with the growth years of the late 1970s and early 1980s.

During those years Yamazaki was making even larger profits than the 25 per cent margins then enjoyed by most of the rest of the Japanese machine tool industry.

The last available turnover figures for Yamazaki — which makes machining centres, lathes and flexible manufacturing systems — were for 1985. In that year the company had total sales of about $580m.

Mr Yamazaki said profit margins would be higher in 1987, partly because of cost reductions and the introduction of more automation in the company's already advanced production facilities.

Yamazaki is the only family-owned machine tool company among Japan's 10 largest machine tool makers. Its financial performance has tended to be better than the rest of the Japanese industry.

A number of the biggest Japanese machine tool makers are making losses with workloads down by as much as 30 per cent or more. Many of them are cutting their labour forces with the help of statutory Government cash assistance for redundancies.

However, Mr Yamazaki said his company, which takes on 50 graduate engineers a year, would not be reducing its direct workforce of 2,500.

Yamazaki made about 5,000 machines last year. Between a fifth and a quarter of those machines were designed to run with minimal manning by including with them equipment like automatic pallet changers.

Mr Yamazaki confirmed that between 30 and 40 per cent of

Mr Teruyuki Yamazaki, president

its output by the end of the decade would be sourced from outside Japan. Yamazaki has a North American plant in Kentucky, a new production facility in Worcester, England and licensing arrangements in China.

The US plant is building at the rate of 70 machines a month. The Worcester facility, which came on stream this year, is building up production, currently running at 35 machines a month. This plant has the capacity to produce up to 1,200 small lathes and machining centres a year or a smaller number if the mix includes medium sized machines.

Setback to plan for Modder reopenings

By Jim Jones in Johannesburg

PLANS FOR reopening the old Modder B and Modder East gold mines in the Transvaal have come unstuck due to capital shortages, and management is to ask shareholders for an additional R8.4m ($4.16m).

The sum is to be raised by the sale at R2 each of 2.1m linked units — these comprise one ordinary share and one option which allows holders to buy an additional share during the next 12 months at R2 each. Shareholders will be offered 15 linked units for every 100 shares they hold.

The two mines ceased production at their East Rand properties in 1962 but were merged by their present management two years ago. They were to have been reopened at an estimated capital cost of R16.6m, of which R5.6m was raised through an issue of shares in 1985.

It was hoped then that the rest would have been generated from the profits of cyanide heap leaching gold recovery, but the technique failed. The promoters subsequently decided to build a conventional 20,000 tonnes a month gold recovery plant designed around a conventional carbon-in-solution treatment process. An operation of half that capacity was brought into commission in March and is reported to be producing gold.

CCM profit on target after restructuring

By Wong Sulong in Kuala Lumpur

CHEMICAL COMPANY of Malaysia (CCM), which now controls the entire operations of Imperial Chemical Industries' in that country after a restructuring earlier this year, has reported pre-tax profits of 14.4m ringgit (US$5.8m) for the six months to March on a turnover of 198m ringgit.

No comparable previous figures are available, but the group said the consolidated profit before tax, but after minority interests, at 10.7m ringgit "compares favourably" with the forecast for the full year of 16.1m ringgit.

The fertiliser subsidiary, and to a lesser extent the agrochemical side, have seen some benefits from more stable conditions in the plantation sectors because of improved commodity prices.

The industrial chemicals subsidiary is improving its position, but the paints subsidiary continues to face difficult trading conditions

● Malaysian Plantations (MPB) a subsidiary of Multi-Purpose Holdings, said its calendar 1986 profits slumped to 135,000 ringgit from 2.83m ringgit due to depressed commodity prices, Reuter adds.

It forecast better prospects for 1987, particularly for palm oil and rubber, as commodity values improved.

Fung Ping Fan director declared bankrupt

BY DAVID DODWELL IN HONG KONG

MR KENNETH H. C. FUNG, third son of Sir Kenneth Fung Ping Fan, the senior Hong Kong businessman, was yesterday declared bankrupt in the territory's Supreme Court.

He has resigned all his directorships, in accordance with Hong Kong bankruptcy law, including a seat on the board of Fung Ping Fan, the family-controlled group that has been in difficulties since last September.

The bankruptcy notice comes as a result of a writ served in February by a group called M. Magtague Co for recovery of HK$1m (US$128,200), plus interest, under a deed of indemnity made in August 1985.

The assets of Mr Fung have been put in the hands of the official receiver.

Mr Fung said yesterday that the court action has no direct implications for the family group. He said that restructuring efforts were still under way, and were making good prgoress. Arthur Young, the accountancy firm, is acting for Sir Kenneth as financial adviser.

Sir Kenneth, who was in China yesterday, is one of Hong Kong's most respected business figures. Aged 75, he is a director of about 30 companies, and an adviser to many more. He has held political office in the territory's legislative and executive councils, and was until 1985 one of the illustrious few stewards of the Royal Hong Kong Jockey Club.

Mr Kenneth H. C. Fung is 50 this year. He was a director of about 10 Fung family companies, and since 1983 has been a member of Peking's Chinese people's political consultative conference.

The financial problems of Sir Kenneth and the Fung Ping Fan group, came to light in September shortly after Hong Nin Bank, a small local bank, floundered. The bank had been a major creditor to the Fung family companies, and outstanding loans to the Fungs amounting to more than HK$200m were understood to have contributed to the bank's difficulties.

Since that time, a number of creditors to the group, and two members of the Fung family, have been pressing for individual settlement of their claims. However, the group's financial advisers have aimed for an overall settlement with all creditors, and have resisted negotiating individual claims.

Mr Fung said yesterday: "Once this creditor opted to press for bankruptcy, there was nothing much I could do. But we feel that once matters are in the hands of a receiver, it will be possible for all parties to approach them more objectively. At the same time, we will continue to negotiate with M. Magtague—that's the most sensible thing to do."

Further bankruptcy proceedings were sought against Mr Fung and his brother Cyril by Hong Nin Bank in March. Hong Nin was taken over in January by First Pacific Holdings, the Hong Kong-based financial services group, after several months being nursed by the Standard Chartered Bank on the Hong Kong Government's behalf. Its name has since been changed to First Pacific Bank.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Sterling sector improves but dollar issues fall back

BY CLARE PEARSON

DEALERS wiped out most of the gains achieved on Monday in the Eurodollar fixed rate bond market yesterday as the dollar showed signs of weakening after a recent surge.

Prices of 10-year Eurobonds fell by around ½ percentage point, while five-year issues eased by around ⅛ point in thin, inter-professional trading.

Eurosterling bonds, meanwhile, edged slightly higher, spurred on by a strengthening in sterling and the announcement of a £374m net repayment for the UK public sector in May. Although dealing continued to be dominated by professionals, some retail buying emerged.

Equity-related bonds for Japanese borrowers dominated the primary market scene. Yamaichi International (Europe) set a new record low coupon of ⅞ per cent on a recent issue for Tokyu, while J. Henry Schroder Wagg became the first UK merchant bank to lead-manage such an issue with a $50m bond for Cosmo Securities.

J. Henry Schroder Wagg, which shared the books with Cosmo itself, said it had a long-standing relationship with the borrower. The five-year par-priced issue, which marked Cosmo Securities' debut in the Eurobond market, was priced with an indicated 1⅞ per cent coupon. It traded at 105, bid only.

Meanwhile, the $150m bond for Tokyu, a diversified services company with interests ranging from real estate to recreation, continued to trade at above par after its coupon-fix of ⅞ per cent breached the 1 per cent barrier for the first time in this sector. The coupon was originally indicated at 1⅜ per cent.

Nomura International led a $85m five-year issue for Pasco, a Japanese surveying firm, with an indicated 1⅜ per cent coupon. A trading level on the bond was not available yesterday afternoon.

INTERNATIONAL BONDS

Two deals emerged in the Canadian dollar market: a C$90m four-year 9⅜ per cent issue for SNCF, the French state railway company, led by Banque Paribas Capital Markets and priced at 101⅜, and a C$75m 5½-year 9⅜ per cent issue for Genossenschaftliche Zentralbank, led by Morgan Stanley and priced at 101⅞. Both deals were quoted at levels close to their fees.

Daiwa Europe led a debut issue in the Euroyen market for Korean Electric Power with a Y7.5bn six-year 4⅛ per cent bond priced at 101⅞.

Salomon Brothers and Mitsui Trust International shared the books on a speciality issue for Toronto Dominion (New York), which Salomon said was targetted at particular Far Eastern demand.

This was a $46.475m unlisted bond, maturing in December 1989, which pays interest at 9.83 per cent in the first year, 6 per cent in the second year, and finally at 6.314 per cent. It was priced at 98.584.

Despite the weak tone in the French franc Eurobond market, which has been afflicted by political worries lately, Banque Indosuez led a FFr 500m issue for the European Community.

The 10-year 8⅞ per cent issue, priced at 96⅞, may be traded interchangeably with an earlier FFr 600m bond for the EC. The issue was bid at a ½ point below its 2 per cent fees yesterday.

D-Mark Eurobond prices ended the day unchanged, although dealers said the underlying tone of the market had improved in response to the weaker dollar.

Morgan Stanley led a DM 255m floating rate note issue for Compagnie Financiere de Credit Industriel et Commercial, paying ⅛ point over six-month London interbank offered rate and priced at 100.05. Fees total 15 basis points.

NatWest poaches rivals' staff

BY OUR EUROMARKETS CORRESPONDENT

COUNTY NATWEST, the securities arm of the National Westminster Bank, has recruited two trading teams from rival firms as part of strategy to expand its capabilities in the equity-related securities business.

It has recruited a 10-strong team of traders in Japanese equity warrants and convertibles from Nikko Securities.

The team, built up over the past 18 months, is led by Mr Nicolas Brown, who becomes an associate director, and also comprises six other traders and three settlements staff. Nine of the staff are British, one Australian.

Equity-linked Japanese issues have been one of the most active areas of the Eurobond market in recent months, helped by the continued strength of the Tokyo Stock Exchange.

When it starts operations later this summer, County will join six other recognised market makers in this sector — Morgan Stanley, Baring Brothers, Daiwa Europe, Nomura International, Robert Fleming, and Nikko.

County has also taken a four-strong team of European equity traders from the London office of the US securities firm, Paine Webber.

The group, headed by Mr Keith Swan, and including Mr Steven Adey, Mr Richard Seward and Mr Grant Turner, specialises in the trading of American depositary receipts for UK companies, and the trading of Dutch and Scandinavian equities.

The team, expected to expand into trading of Japanese ADRs, is scheduled to start trading at the beginning of next month.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on June 16

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	[illegible]	[illegible]	[illegible]	[illegible]	9.02
A/S Eksportfinans 7⅜ 93	100	[illegible]	[illegible]	0	[illegible]	8.97
A/S Eksportfinans 7¼ 92	150	[illegible]	[illegible]	[illegible]	[illegible]	8.63
Austria 7¼ 97	200	[illegible]	[illegible]	[illegible]	+1	9.07
BP Capital 9⅛ 94	300	102	[illegible]	[illegible]	[illegible]	8.68
British Telecom 7⅞ 96	250	[illegible]	[illegible]	[illegible]	[illegible]	9.11
Campbell Soup 10½ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	9.19
Canada 9 96	1000	[illegible]	[illegible]	[illegible]	[illegible]	8.73
Canadian Pac. 10⅛ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	9.50
CCCE 7⅛ 91	115	[illegible]	[illegible]	0	[illegible]	8.49
CNCA 7¼ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	8.47
Citicorp 8¼ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	9.01
Credit Lyonnais 9 91	200	[illegible]	[illegible]	0	[illegible]	8.49
Credit National 7⅜ 92	100	[illegible]	[illegible]	0	+1	8.64
Credit National 9⅛ 93	150	[illegible]	[illegible]	[illegible]	[illegible]	9.08
Credit National 7¼ 91	150	[illegible]	[illegible]	0	[illegible]	8.47
Denmark Kingdom 7⅜ 92	500	[illegible]	[illegible]	[illegible]	+1	8.89
Denmark Kingdom 8¼ 91	300	98	[illegible]	[illegible]	[illegible]	8.77
EEC 7 91	100	[illegible]	[illegible]	[illegible]	[illegible]	8.25
EEC 8¼ 96	100	[illegible]	[illegible]	[illegible]	[illegible]	8.85
EEC 7¼ 93	250	[illegible]	[illegible]	[illegible]	+2	8.49
EIB 7⅝ 93 A	100	[illegible]	[illegible]	0	[illegible]	8.75
Finland 7⅞ 97	200	[illegible]	[illegible]	[illegible]	+1	9.25
Finland 7½ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	8.88
Ford Motor Cred. 10½ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	8.67
Ford Motor Cred. 11¼ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	8.51
Gen. Elec. Cred. 10¼ 00	200	[illegible]	[illegible]	[illegible]	[illegible]	9.83
Hoesch 7⅞ 92	100	[illegible]	[illegible]	0	[illegible]	8.24
Hoesch 7⅞ 94	300	[illegible]	[illegible]	0	[illegible]	8.85
Hoesch 8⅛ 97	100	[illegible]	[illegible]	0	[illegible]	8.93
Liberty Mutual 8½ 96	150	[illegible]	[illegible]	0	[illegible]	9.16
LTCB of Japan 8 91	100	[illegible]	[illegible]	[illegible]	+1	8.65
LTCB of Japan 8 97	200	95	[illegible]	[illegible]	[illegible]	9.07
Mercds.-Benz Cred. 7½ 93	100	[illegible]	[illegible]	[illegible]	+1	8.54
Mitsubishi Fin. 7⅞ 93	100	[illegible]	[illegible]	[illegible]	+1	9.23
Mutual America 7⅞ 92	100	[illegible]	[illegible]	0	[illegible]	8.86
Norway Kingdom 7¼ 91	500	[illegible]	[illegible]	[illegible]	[illegible]	8.45
Pepsico Inc. 7¾ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	8.62
Qantas Airways 10⅛ 95	140	[illegible]	[illegible]	[illegible]	[illegible]	9.30
Queensland Govt. 10¼ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	10.30
Ralston Purina 11¼ 95	150	†106	108	0	[illegible]	10.39
Saab Scania 9½ 91	125	[illegible]	103	[illegible]	+2	8.61
Saskatchewan 10⅝ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	8.78
State Bk. S. Aust. 9¼ 93	100	[illegible]	[illegible]	0	[illegible]	9.58
Statoil 10 90	170	[illegible]	[illegible]	0	[illegible]	8.53
Swed. Exp. Cred. 7¼ 91	100	[illegible]	[illegible]	0	[illegible]	8.33
Swed. Exp. Cred. 10 92	100	[illegible]	[illegible]	[illegible]	[illegible]	8.37
Sweden 8¾ 96	200	[illegible]	[illegible]	[illegible]	[illegible]	8.93
Sweden 7 92	250	[illegible]	95	[illegible]	[illegible]	8.39
Sweden Kingdom 10⅞ 90	200	[illegible]	[illegible]	0	[illegible]	8.17
Sweden Kingdom 7 91	250	[illegible]	[illegible]	[illegible]	[illegible]	8.30
Taiyo Finance 7¼ 94	100	[illegible]	93	[illegible]	[illegible]	9.27
Toyota Motor Cred. 8 89	100	[illegible]	[illegible]	[illegible]	[illegible]	7.37
Toyota Mtr. Cred. 7¼ 92	150	[illegible]	94	[illegible]	[illegible]	8.81
Victorian Rep. 11⅛ 92	150	[illegible]	[illegible]	[illegible]	[illegible]	8.90
World Bank 7 92	900	[illegible]	[illegible]	[illegible]	[illegible]	8.33
Yasuda Trust Fin. 8½ 95	100	[illegible]	[illegible]	[illegible]	+1	8.94

Average price change on day [illegible] on week [illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	[illegible]	[illegible]	[illegible]	[illegible]	6.88
Austrian Elec. Co. 6½ 95	150	[illegible]	[illegible]	[illegible]	[illegible]	6.20
BMW 5¾ 96	200	[illegible]	93	[illegible]	[illegible]	6.36
Daimler Benz Int. 5¾ 01	500	[illegible]	92	[illegible]	[illegible]	6.69
Dow Chemical 5⅞ 96	300	[illegible]	[illegible]	[illegible]	[illegible]	6.40
Dow Chemical 6¾ 95	300	[illegible]	[illegible]	[illegible]	−1	6.43
EIB 5½ 98	150	[illegible]	[illegible]	[illegible]	[illegible]	6.43
EIB 6⅛ 96	300	[illegible]	[illegible]	[illegible]	[illegible]	6.25
EIB 6⅞ 95	300	[illegible]	[illegible]	[illegible]	[illegible]	6.22
EIB 6 97	300	[illegible]	[illegible]	[illegible]	[illegible]	6.28
Euro. Coal & Steel 5⅞ 97	175	[illegible]	[illegible]	[illegible]	[illegible]	6.31
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS; OTHER STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS; SWISS FRANC STRAIGHTS: [illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Bundesbank to allow private use of the Ecu

By Andrew Fisher in Frankfurt

THE BUNDESBANK agreed yesterday to allow private use of the European currency unit, dropping its long-held opposition to West German residents holding Ecu accounts.

The move had been expected after Mr Gerhard Stoltenberg, the Finance Minister, suggested to the central bank last month that it fall in line with other leading European Community members such as France on this issue.

The Bundesbank's objection was based on the fact that German currency law forbids indexation of liabilities denominated in other currencies, but payable in D-Marks. The bank argued that the Ecu, a basket of European currencies, involved such indexation.

But it said after yesterday's fortnightly council meeting in Frankfurt that it had changed its mind, because of progress in the EC on liberalisation of capital movements and the increased significance of Ecus in some member countries.

Thus in future, German residents will be able to open Ecu accounts at banks and take out certain loans in Ecus. Mr Karl Otto Poehl, president of the Bundesbank, has favoured a change of mind on Ecus againsta other members of the central bank council.

His stance is based on his desire to promote more EC monetary and economic integration.

Bankers want stronger role in Ecu clearing

By Quentin Peel in Luxembourg

BIG EUROPEAN banks involved in the fledging clearing system for transactions in Ecus — the European currency unit — are pressing for greater support from the Bank for International Settlements, including the provision of short-term credit facilities in Ecus.

Mr Dominique Rambure, chairman of the seven-member Ecu Banking Association, told the annual meeting in Luxembourg that such action might be needed in the future to ensure "the final settlement of the clearing under any circumstances."

"It would be a disaster for the market and for the European currency if market participants would doubt the accomplishment of the daily clearing," he said in his annual report.

The answer was to persuade the BIS — the Basle-based central bankers' bank — to activiate two key conditions in its agreement with the Ecu clearing banks, he said.

The first would require the BIS to transfer component currencies to the Ecu sight accounts of clearing banks. The second, and potentially more controversial, would require the BIS to open new, very short-term credit facilities in Ecus — for instance for Ecus/dollar swaps, "thus enabling the clearing banks to supply their accounts under good value in any circumstances," Mr Rambure said.

He sought to answer the fears of central banks—most notably the West German Bundesbank — that such actions could amount to the "creation" of Ecu.

"It is not a creation of Ecu ex nihilo against commercial drafts or governments securities," he said, "but only an exchange of Ecus against the component currencies. . . For each Ecu created in the market, the equivalent in component currencies would be frozen in the accounts of the BIS with the central banks, instead of being reinjected by the commercial banks into the market as is presently the case."

SHV seeks $350m

By Our Euromarkets Correspondent

SHV HOLDINGS, the privately-owned Dutch energy and consumer goods group, is raising $350m through a seven-year revolving credit being arranged with a group of international banks led by Citicorp Investment Bank.

The credit, which the company expects to draw down, will in part replace a facility the company arranged in 1981 through Amsterdam-Rotterdam Bank but which it never used.

The commitment fee for the facility is an annual 12.5 basis points. Drawings will carry interest margins over London interbank offered rates of 20 basis points for the first three years, 25 basis points for the next two years and 30 basis points for years six and seven. There is a four-year grace period.

BIS concerned at pace of change

While there are obvious benefits from the sweeping liberalisation of the world's capital and banking markets, the Bank for International Settlements, the forum for central banks, expresses unease that new financial techniques and facilities have not been tested over the business or interest rates cycles. STEPHEN FIDLER, Euromarkets Correspondent, reports.

AS MORE governments unlock the shackles on their domestic financial markets, the world's central banks have delivered a message of unease about the costs of this liberalisation.

The message is contained in the annual report published this week of the Bank for International Settlements, the Basle-based forum for central bankers.

Its concern centres on the fact that "Many of the recent cases of financial liberalisation, new financial techniques and facilities have not been tested over the business or interest rate cycles."

The Big Bang in London, the main event in a year of important moves in a number of countries toward liberalisation of capital and banking markets, has considerably increased trading volumes in both UK and European equities, the BIS says. It has lowered spreads and transactions costs and reduced profits for participants in the securities business. "A shake-out of excess capacity has already begun," the bank concludes.

The perceived benefits that are driving these developments are more obvious, more commonly stated and less conjectural, than their costs, and most derive from a betted operation of the market mechanism.

More efficient allocation of funds are assumed to result from increased competition, which has made for lower costs of funds for borrowers and higher returns for lenders. Margins for intermediaries have thus declined.

Where banks have been allowed to participate more actively in the capital markets, their income sources have become more diversified and their profits potentially more stable.

Greater liquidity for holders of assets, the enhanced ability to transfer risk to those best able to absorb it, improved access of governments to capital through bond issues or privatisations are also listed as potential benefits.

The liberalisation process, the BIS says, has been behind a decline in credit rationing by quantity, and the consequent rising ratio of private sector debt to income in many countries.

The BIS devotes more space to the potential and actual costs of deregulation, although it makes clear this is not a signal that it believes they outweigh the benefits.

First among them is market volatility. If a speech last week by Mr Henry Kaufman, the Salomon Brothers' economist, is anything to go by, that is a problem that could get worse rather than better.

"Volatility will continue to be a key feature of the markets and will probably intensify during the next year or two. All forces that will further intensify volatility are in place."

The BIS points out a concern over the use of futures and options, which along with floating rate debt, redistribute risk "but are unable to offer a hedge for the system as a whole."

"If market participants lose sight of this, they may take unwarranted risks," says the report.

Capital markets liberalisation also puts pressure on the banking system, as banks' traditional sources of funds move into the securities markets and as high-quality borrowers use the markets rather than banks to seek finance.

It is a theme which has been echoed in the US, where some experts see the very franchise of the country's 14,000 commercial banks and 6,000 thrift institutions at stake.

Mr Lowell Bryan, a director of the financial consultancy McKinsey and Co, wrote recently in the Harvard Business Review that the process "may further weaken these institutions' already deteriorating credit portfolios since the highest quality assets will be securitised.

The process also presents risks for investors, the BIS says. Here the dangers are that the markets for some securities may be too narrow—either because few have been issued, because the securities may only be distant substitutes for more conventional instruments, or because the market depends on only a few sponsoring banks as market makers.

"In some cases the liquidity of an instrument may only be apparent—the failure of the investment bank or the desire of some asset holders to divest may render the market inoperative. Such phenomena may underlie the failure of the perpetual floating rate note market in 1986," the report says.

There is also an increased risk to the whole capital markets system from liberalisation. This so-called systemic risk is especially relevant "if market institutions are relatively new and inexperienced, costs are high, capital resources are low and strong competition for market shares is driving down profits."

This increases the danger that a price or credit shock could lead to the failure of a market maker. This, the BIS points out, would not only hit the market in which the failure occurs, but cause a contagion which would damage other markets in which it operates.

Similar concerns, it adds, have been expressed in relation to default or even electronic failure in the recently developed large-denomination inter bank payments systems.

To the extent that liberalisation leads to a breakdown of traditional distinctions between banking and the securities markets, or between agency dealing and market making, there may be costs in terms of "equity and efficiency", the BIS says. Conflicts of interest may arise.

In the banking sector, the shrinking margins implicit in the transition from a protected to a highly competitive banking sector may increase the vulnerability of banks.

But the potential costs are not restricted to the financial sector. "Capital market liberalisation may even have had harmful effects on the real economy," the report says.

The prime complaint is that of "short-termism." Liberalisation is seen as shortening the planning horizons of fixed investments by industrial companies by facilitating takeovers and weakening the links between a debtor firm and its bank.

The regulatory response being taken in many countries to these developments is thus critical. The BIS summarises it thus: "more supervision, more international co-ordination of supervision and a review of the usefulness of existing regulations."

Decision on Tokyo SE vacancy deferred

BY YOKO SHIBATA IN TOKYO

MR MICHAEL TAKEUCHI, president of the Tokyo Stock Exchange, said yesterday that he would decide what to do with a prospective vacancy on the exchange later this year, when the TSE will consider the expansion of its membership.

Mr Takeuchi told a press conference that it was not appropriate for him to choose one company to fill the seat which will be vacated by the proposed merger in October between Toichi Securitais and Taiyo Securities, both affiliates of Nomura Securities.

When the merger was announced, Nomura received a flood of inquiries from leading US and UK brokerage houses and investment banks. Nomura's initial intention wsa to sell the vacant seat to a foreign company in hopes of stilling foreign criticism of its own growing presence in overseas financial markets.

On Monday, however, Nomura decided to leave the matter in the hands of the TSE authorities. Mr Yoshihisa Tabuchi, president of Nomura, commented: "If Nomura were to pick a single brokerage house, this could incur bitter criticism from other foreign brokerage houses. We also fear that selling price of the vacant seat could possibly determine the membership fees at the next expansion of TSE membership later this year."

Mr Takeuchi said yesterday that a special committee of the TSE is currently studying membership enlargement, to allow in more foreign companies.

The TSE plans to lower brokerage commissions in two stages after receiving the results of a questionnaire, currently being circulated.

Commissions for stock and convertible bond trading may be reduced in October.

INTL. COMPANIES AND FINANCE

Spanish utility advances by 17%

By David White in Madrid

IBERDUERO, Spain's leading private sector electrical utility, has announced an increase of almost 17 per cent in its pre-tax earnings for last year, which rose to Pta 23.39bn ($184m) from Pta 20.06bn.

This was despite a renewed upsurge in financial charges, which climbed to Pta 65.8bn after being held in check at Pta 41.6bn in 1985. Total debt, including short-term, rose to Pta 635.9bn from Pta 606.5bn, but Mr Manuel Gomez de Pablo, the Chairman, said the company's debt ratios were more favourable than the average among Spanish electrical utilities.

In a reference to the impact among investors of the recent problems at the Catalan utility Fecsa, he said that there were "objective grounds" for confidence in the industry and that its financial health had in fact improved.

Iberduero would continue to achieve relatively high profits thanks to operating costs, which were the lowest in the sector in Spain, he said.

Sales rose last year to Pta 197.4bn from Pta 176.2bn, as the company offset a drop in hydro-electrical production with increased output from nuclear stations.

Major Swedish Banks post decline in profits

BY KEVIN DONE IN STOCKHOLM

SKANDINAVISKA Enskilda Banken and Svenska Handelsbanken, Sweden's two leading banks, both suffered a fall in profits in the first four months from last year's record level.

Svenska Handelsbanken group profits dropped by 14 per cent to SKr 976m, while S-E Banken group profits fell by 2 per cent to SKr 1.227bn.

S-E Banken said its interest earnings rose by 18 per cent mainly due to lending volumes, while higher commission and other earnings fell by 7.1 per cent.

At the same time the group's costs rose by 15 per cent, with a big jump in personnel costs as well as heavy investment in a new generation of computerised

Return on equity fell to 20.1 per cent from 24.8 per cent in the first four months of 1986, while the Svenska Handelsbanken group's return on equity fell to 21.3 per cent from 28.8 per cent a year ago.

The profits of S-E Banken's Swedish subsidiaries rose by 28 per cent, while the profits of the parent bank fell by 10 per cent. The foreign subsidiaries also failed to reach last year's level.

The profits of Handelsbanken's parent bank fell by 14 per cent, despite a 15 per cent increase in the bank's Swedish Kronor lending.

S-E Banken has taken control of Eurocard-Köpkort, the Swedish charge card and credit card operation, by raising its stake to 57 from 38 per cent, but it has been prevented from acquiring full ownership by Svenska Handelsbanken, which has a 29 per cent stake.

Both banks are taking advantage of changes in Swedish banking legislation to open branches as well as subsidiaries abroad. S-E Banken is seeking permission to open branches in London, New York and Hong Kong, while Handelsbanken has already opened one in New York.

S-E Banken has also acquired full control of its New York subsidiary Skandinaviska Enskilda Banken Corporation by buying out the 20 per cent stake held by Bergen Bank of Norway. As part of a further foreign expansion Handelsbanken is to open a subsidiary bank in Oslo by the end of the year.

Battle for Dome intensifies with fresh offer by TCPL

BY BERNARD SIMON IN TORONTO

THE takeover battle for Dome Petroleum is set to intensify as TransCanada Pipelines of Toronto puts the finishing touches to a new offer for the ailing Calgary-based energy producer.

A TCPL official indicated yesterday that, subject to board approval, the company will unveil its bid before June 30. He said that TCPL has been encouraged by opposition among Dome's lenders to the C$5.2bn (US$ 3.9bn) offer which Dome accepted two months ago from Amoco Corp, the US oil group.

Amoco suffered a setback earlier this week when its offer was summarily rejected by Bank of Montreal, one of Dome's largest creditors. In evidence before a Senate committee in Ottawa, Mr Carson Stratton, the bank's executive vice-president, strongly criticised both the terms of the offer and the manner in which it has been presented to Dome's 60 international creditors.

Dome, which owes a total of C$6.4bn, has teetered on the edge of bankruptcy for the past five years. Creditors' latest waivers on debt repayments expire on June 30, but most parties (including the Canadian Government) are anxious to avoid pushing the company into liquidation.

TCPL, whose earlier bid was rejected by Dome, is expected to include other oil and gas companies as partners in its latest offer. The official confirmed that several companies have expressed an interest in joining a takeover group.

Opposition among creditors and the prospect of a new bid from TCPL have increased pressure on Amoco to raise its offer. An executive at one leading Canadian bank said yesterday that his bank's preferred solution to the long-running Dome saga would be an improved Amoco bid.

Meanwhile, a group of 25 unsecured institutional creditors, who are owed almost C$2bn by Dome, have set up a five-member committee

A spokesman for the committee – which includes Chase Manhattan, Lloyds Bank, Barclays Bank, Credit Lyonnais and Canada Trust – said that the group has not yet decided whether to support Amoco's proposals. It will consider them at a meeting in Toronto next week.

Criticism of the Amoco terms centres on the favourable treatment proposed for Dome's shareholders at the expense of its lenders.

Acquisition of CGS boosts Central Capital

BY OUR TORONTO CORRESPONDENT

CENTRAL CAPITAL Corp of Halifax has emerged as a significant player in Canada's financial markets with its acquisition of the diversified financial services group controlled by Toronto-based Canadian General Securities (CGS).

The agreed C$93.2m ($69.4m) deal will give Central Capital control over trust company assets of C$8.1bn, as well as several insurance, leasing and other financial service companies.

Central will buy 85 per cent of the outstanding equity of CGS from members of the McCutcheon family for a combination of cash and securities. CGS is the controlling shareholder of Traders Group, a financial services conglomerate whose interests include Guaranty Trust, Trans-Canada Credit Corp and Canadian General Life Insurance.

The acquisition of Guaranty Trust in particular will give Central a strong presence in Ontario. Its existing trust company, Central Trust, is based in Canada's Atlantic provinces. Mr Peter Cole, Central's chief executive, described the two companies as a "perfect fit." The two together would make Canada's fourth biggest trust company."

Central has spread its wings since the formation last year of a holding company to diversify out of the trust business, and the earlier appointment of Mr Cole, previously a senior executive at Canadian Imperial Bank of Commerce. The group has made more than a dozen acquisitions in the past year.

Mr Cole said that Central is also considering a move into the Canadian securities business in the wake of the forthcoming liberalisation of ownership rules in the securities industry.

Ferruzzi to sell stake in shipping line

By Alan Friedman in Milan

FERRUZZI, the Italian agro-industrial concern which also has effective control of the Montedison chemicals group, said yesterday it had agreed to sell its 50 per cent stake in Bulkitalia, a merchant shipping line.

The buyer is the Genoa-based Coe and Clerici, a major Italian family-owned shipping and trading group which already owns the other half of Bulkitalia.

Ferruzzi said it was selling its share in Bulkitalia, consisting of five bulk carriers used mainly to transport coal and minerals, because it had received an attractive offer.

Ferruzzi remains Italy's largest private shipping company, with a fleet of eight carriers and one on order. The group's capacity is 242,000 tonnes.

FT LAW REPORTS CONTRACTS APPOINTMENTS

Underwriting included US action

DALY v LIME STREET UNDERWRITING AGENCIES LTD

Queen's Bench Division (Commercial Court): Mr Justice Staughton: June 4 1987

AN AGENT with authority to carry on underwriting business on behalf of a member of a Lloyd's syndicate has authority to sue on his behalf for punitive damages in the US in an action undertaken for the benefit of the syndicate as a whole.

Mr Justice Staughton so held when giving judgment for the defendants, Lime Street Underwriting Agencies Ltd, CJW (Underwriting Agencies) Ltd and Mr Cyril J. Warrilow, on a claim by Mr James Patrick Daly for a declaration that they did not have his authority to proceed on *his behalf against* underwriters in a US action.

HIS LORDSHIP said that there were some 31,000 underwriting members of Lloyd's. Mr Daly was one of them. They were grouped together in syndicates. An internal arrangement of each syndicate decided what percentage of its business members took. Each member was liable for his own obligations and not for those of other members.

The business of a syndicate was run by the "active underwriter." He sat in his bo at Lloyd's, initialled insurance slips brought to him by brokers, authorised payment of claims, and gave directions for the effecting of recoveries.

When a slip was initialled by the active underwriters of several syndicates each stated the percentage of risk accepted by his syndicate. One of them would be recognised as leading underwriter. That did not necessarily give him authority to act on behalf of other syndicates, *but the slip might* expressly confer such authority.

The administration of those arrangements was somewhat complex. The underwriting members concluded an agreement with a members' agent. He, on his clients' behalf, concluded an agreement with the syndicate's managing agents. They appointed an active underwriter to manage the affairs of the syndicate.

With over 30,000 Lloyd's members, it was plain that agency was an essential feature of the operation.

The accounts of a syndicate for business undertaken in a calendar year remained open for the next two years. Then they were closed and each member received his share of the profit or paid his share of the loss. Long-tail business might result in liability for many years later. Outstanding business was reinsured at the end of the third year. That was called "reinsurance to close."

Mr Daly, a US citizen, applied for Lloyd's membership in 1978. He was required to sign a form agreeing that business would be carried on by a members' agent on his behalf. He appointed Lime Street as his members' agent.

Lime Street concluded an agreement on this behalf with CJW as managing agents *of Syndicate* 553. *Mr Warrilow* was the active underwriter of that syndicate. On January 1 1980 Mr Daly became a member of Syndicate 553.

The present dispute arose out of two binding authorities granted to Atlas Underwriters of Richmond, Virginia. The first was granted by Syndicate 553 and 12 other syndicates, and the second by Syndicate 553 only.

Mr Warrilow, and no doubt the active underwriters of the other syndicates involved, were dissatisfied with Atlas's conduct. On May 24, 1986 a complaint was filed in the US Court for the Eastern District of Virginia by Mr Warrilow on his own behalf, and *on behalf of other* Lloyd's underwriters subscribing to the binding authority agreements.

On July 11 Mr Warrilow was granted leave to amend his complaint. Other defendants were added, including Chesapeake Underwriters. Among the new claims was one for triple damages for violations of the Racketeer Influenced and Corrupt Organisations Act 1970 (RICO).

Meanwhile, on May 15 1985, Mr Daly had resigned as a member of Syndicate 553 and of Lloyd's, with effect from January 1 1986.

The last three years of his underwriting were 1983, 1984 and 1985. The accounts for the first two of those years had been closed. His financial interest in 1985 business would disappear with the reinsurance to close on December 31 1987. Nevertheless he, along with 4,951 others, was one of those on whose behalf Mr Warrilow commenced the US action.

Mr Daly now sought a declaration that he had conferred no authority on Lime Street, CJW or Mr Warrilow to commence or continue the US action on his behalf, and an injunction *restraining them from con*tinuing the proceedings on his behalf.

He was most concerned to restrain that part of the action in which punitive and exemplary damages exceeding any loss actually suffered were claimed. His motive was plain. He had become a director of Chesapeake, but was suing it in his capacity as former *member of Syndicate 553.*

The RICO statute was said to have been the reaction to a problem of organised crime and drug trafficking. It provided for mandatory damages equal to three times the loss suffered, a prospect of recovery of costs and attorney's fees, and *federal jurisdiction.*

Mr Boswood for Mr Daly did not complain that it was improper for Mr Warrilow to bring a RICO action in this particular case. What he said was that Mr Warrilow had no authority to bring it on behalf of Mr Daly.

The question was whether such authority was in fact conferred on Mr Warrilow irrevocably by the agreement which Mr Daly signed when he became a member of Lloyd's.

If it was, Mr Boswood did not argue that it was terminated when Mr Daly's membership expired. It would be difficult to do so, since former members remained in point of form parties to contracts of insurance concluded on their behalf, even though their financial interest gradually disappeared through the reinsurance to close procedure.

Mr Daly said that he was never asked if the US action could be commenced on his behalf. That was not surprising. It would have been surprising if the 4,952 underwriting members had all been told.

The duty of an active underwriter was to conduct the syndicate's affairs in good faith and in the manner beneficial to the syndicate as a whole. If that involved disadvantage to some members it must be *ignored, otherwise the interest* of other members would suffer.

Theoretically it was possible for the active underwriter to take action on behalf of some but not all members. The US action could be pursued by Mr Warrilow on behalf of himself and 4,950 others, omitting Mr Daly—if US procedural law had no objection.

But that would give rise to great inconvenience. The accounting process at Lloyd's was complicated enough already; and if not one but quite a number of members chose to be excluded from a syndicate's activities, it would become intolerable.

Whatever authority the agreement conferred was delegated by Lime Street to CJW, and by CJW to Mr Warrilow. Clause 1 of the agreement conferred authority on the agent to carry on "the business of a non-marine underwriter at Lloyd's," on behalf of Mr Daly. By Clause 3 (a) the agent was to have sole control and management of the underwriting.

The "underwriting" was not simply the task of subscribing contracts of insurance. It included all aspects of the business of being a non-marine underwriter.

There was no reason why commencement of a RICO action in the US should not be part of that business. Such an action had never been commenced before by Lloyd's underwriters, but it was not outside the business for which authority was conferred.

Many other types of action were habitually commenced by underwriters. Some might be for premiums, reinsurance, or by way of subrogation for damages. No line was drawn to exclude claims for damages against agents or brokers for misfeasance. Nor would a line be drawn to exclude such claims when based on the RICO statute and seeking triple damages.

Mr Boswood sought to rely on the Protection of Trading Interests Act 1980 as showing that the UK parliament disliked claims for triple damages.

The statute was manifestly a measure for the protection of UK traders. It said nothing about what UK citizens might claim in the US.

Accordingly Mr Warrilow did have Mr Daly's irrevocable authority to commence and continue the action in the US.

For Mr Daly: Anthony Boswood QC and Philip Brook Smith (Ashurst Morris Crisp and Co).

For the defendants: Anthony Colman QC and Jonathan Gilman (Fishburn Boxer and Co).

By Rachel Davies
Barrister

North Sea accommodation

SLP ENGINEERING, Lowestoft, a subsidiary of George Wimpey, has been awarded two contracts worth more than £6.5m by Shell UK exploration and Production, the operator of the joint venture in the North Sea between Shell and Esso. The contracts are for a *60-man* accommodation module for the Leman Field, and the hook-up and tie-ins for the Indefatigable N&K Platform. SLP Engineering was acquired by Wimpey in December for its strategic location for the southern North Sea and its expertise in the offshore fabrication field.

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REES HOUGH has won three contracts worth £4.04m. Largest is for construction of a superstore and multi-storey car park in Plymouth city centre worth £2.7m. The reinforced concrete *seven-level* car park is being built above a new store to be let to J. Sainsbury for a DIY outlet. Total floor area of the *store* and *car park will* be 24,000 sq metres, requiring 14,000 cu metres of concrete and 1950 tonnes of steel reinforcement. The contract, due for completion early next year, is being managed by Sir Robert McAlpine for Plymouth City Council.

On the Isle of Wight, Rees Hough is designing and construc*ting two reinforced concrete* underground reservoirs at Brading and Ashey. The £970,000 contract for Southern Water's Isle of Wight division includes the provision of reservoirs of 12,000 cu metres and 6,000 cu metres capacity along with pipelines up to 450 mm diameter, ductile iron pipework and construction of valve chambers.

Total excavation in chalk will be in the region of 26,000 cu metres. The walls of the tanks will be pin jointed and supported by the roof and base, reducing the requirement for steel reinforcement. The contract is due for completion by the end of the year.

For Hertsmere Borough Council, Rees Hough is installing phase one of the Borehamwood surface water improvement scheme. The £370,000 project involves construction of a reinforced concrete storm water storage reservoir, 220 metres of *2,400 mm diameter smoothbore* segmental tunnel and associated access shafts up to 7 metres deep.

The works are being carried out in an urban area and are due for completion in the early summer.

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Last month **NORWEST HOLST PIPEWORK SERVICES** secured contracts worth nearly £4m. The *largest single contract, worth* £2.6m, involves construction of a 12,085 metres long, 1050 mm diameter high-pressure steel gas pipeline from the pressure reducing station at Nelson to a similar station being built at Nantgarw, Mid Glamorgan. The work is the third and final section of a £24m scheme linking Merthyr to Cardiff to increase gas supplies to the densely populated areas in south-east Wales. Work on the gas transmisison pipeline — for British Gas Wales — has started, with its route mainly over hilly moorland terrain. Because of this the pipeline will be subject to hydrostatic testing in about 10 sections. Other contracts include a £350,000 welded steel gas main between Selkirk and Cawfields and the £163,000 Eyemouth pipeline for British Gas Scotland and a £300,000 reinstatement contract to British Gas Southern Region.

★

CONTROLLED DEMOLITION GROUP of Leeds, has been awarded a contract by the London Borough of Hackney for the demolition by the use of explosives, of Wishford Point, a 23-storey tower block of flats on the Trowbridge Estate, Hackney. The blow-down date is scheduled for early October with site clearance by the end of November. The group has also secured contracts from BP Chemicals, Saltend, Hull and Hickson and Welch, Castleford, worth more than £500,000.

★

BISON CONCRETE has been awarded a contract valued at £1.75m for structural concrete at Horselydown Square, a commercial and residential development near to Tower Bridge on the perimeter of the Docklands area. The 12,000 sq metres development incorporates an underground car park, surmounted by a podium with shops and offices. Above this are four- to six-storey residential blocks, totalling 76 apartments. The foundations and podium deck are of in situ *concrete and the lower areas of* shops and offices are of precast column - and - beam construction, using circular external columns. Above the transfer level the residential blocks are of load bearing crosswall construction, using solid precast concrete external walls and floors.

Management changes at Corah

Following a review of group strategy, a restructuring of management within CORAH has resulted in the appointment of four divisional management directors. **Mr Tom Seabrook** (a member of the main board) becomes divisional managing director of the underwear division; **Mr John Menzies** (a member of the main board) becomes divisional managing director of the fabric division; **Mr John Astell** becomes divisional managing director of the outerwear division; and **Mr David Davies** becomes divisional managing director of the sock division. **Mr Lars Helgeson**, currently managing director, will be leaving *Corah to pursue other business* interests. **Mr Geoffrey Kent**, who has been a non-executive director since last September, has been appointed non-executive deputy chairman.

★

NORCROS has appointed **Mr Robert Gee**, company secretary to the main board.

★

Mr John Hanson has been appointed to succeed **Mr A. B. Sainsbury**, the first secretary of the ASSOCIATION OF ACCOUNTING TECHNICIANS, who retires next month.

★

Mr D. R. Tayler has been appointed finance director of the TRAVERS MORGAN GROUP. He was finance director of Freeman Fox.

★

Mr David Newcombe has been appointed to the group board of SHARPE & FISHER.

★

HESTAIR has apointed six associate directors to three newly-created divisional boards representing its service, consumer products and engineering interests. The new associate directors are: **Mr Les Clark** and **Mr David Gallagher** (services); **Mr Moray Duguid** (consumer products); and **Mr Steve Burton, Mr Richard Owen** and **Mr Jeremy Stoke** (engineering). **Mr John Rowley** has rejoined as a main board director, following the group's acquisition of Premier Recruitment Services. Mr Rowley was director of Hestair until May 1984 when he left to develop his own interests.

★

The SEB (Tefal) Group has made two appointments at TEFAL UK. **Mr Greg Infeld**, takes over as managing director on July 1. He has worked for the group since 1979, being involved in its European operations. **Mr Jacques Mourlon** takes over the Tefal chairmanship replacing **Mr Alain Gautier**, who now becomes responsible for the group's international operations worldwide.

★

Mr Douglas A. Smith has been appointed chairman of the CHARTERED INSTITUTE OF ARBITRATORS.

★

COMMERCIAL UNION has made the following appointments with effect from July 1. **Mr Allan Chambers** assistant director, Commercial Union Financial Holdings. **Mr Michael J. Hardiman**, manager, international corporate finance and **Mr Arun Shankardass**, treasurer, leasing and financial services.

★

SHELL UK EXPLORATION AND PRODUCTION has appointed **Mr Max van der Schalk** as technical director and deputy managing director. He succeeds **Mr George Innes**, who is to become managing director of Shell companies in Brunei. Mr van der Schalk, was managing director of the upstream Shell companies in Malaysia. He worked for Shell Expro — the *UK's biggest offshore operator*, producing about one third of the country's oil and gas on behalf of the joint venture in the North Sea between Shell and Esso — in 1974 as senior petroleum engineer.

★

Mr Bill Fulton has joined the board of AVESCO. He was the managing director and then chairman of Sony (UK) from 1977-85.

★

Mr Philip Bloodworth has been appointed executive director, money market desk at YAMAICHI INTERNATIONAL (EUROPE).

TKM makes hostile bid for Molins

BY TERRY POVEY

Tozer Kemsley and Millbourn, a subsidiary of the Brierley group of companies headquartered in New Zealand, yesterday made an £83m hostile offer for Molins, manufacturer of high speed production systems mainly for the cigarette industry.

Mr Christopher Ross, Molin's chief executive, said that the bid was "unwelcome and inadequate."

He was not sure what TKM had to offer Molins, "although I can see the value of our ungeared balance sheet to a corporate raider." IEP, a Brierley group member, has a 24 per cent stake in Molins.

Presenting the offer, Mr Reg Heath, TKM's chief executive, said that after three "very friendly meetings" Molins' board had decided that it wanted to remain independent. "The company's performance has been flat and there has been a failure to grow either organically or through acquisitions."

Analysts believe that the Brierley group has become frustrated with the failure of Molins' shares to keep pace with the rising stock market over the last three years.

The cash requirements of the offer—three new Tozer shares for every two of Molins plus 83p, or 250½p cash—are being underwritten by the Brierley group.

In the event of acceptances for the share offer reducing the Brierley stake in TKM below 50.1 per cent (it is currently 50.5 per cent) a further issue of new shares at 140p will be made to the New Zealand group.

Much was made yesterday of the November 1985 buy-out attempt by Molins' present management team—against which the Brierley group led a successful blocking campaign—and Molins partial dependence on profits from its Brazilian operation.

Mr Ross said that the buy-out had been designed solely to assure customers of Molins long-term independence. He refuted claims about remittance problems in Brazil, saying that the 12 per cent return on capital employed achieved was "reasonable."... Brazil... contributed £1.9m to Molins' £9m pre-tax total in 1986.

However, Mr Heath argued that the limitations on the free movement of funds out of Brazil suggested that Molins' earnings were realistically somewhat less than those reported and the exit p/e on the offer of 14 ought to be viewed in this light.

TKM is being advised by Schroders—which by a quirk of fate also acted for the management team in the buy-out plan—while Lazards are assisting Molins.

Molins shares closed up 40p at 285p while TKM's were ahead ½p to 149½p.

See Lex

Tie Rack shares close with 23p premium

By Alice Rawsthorn

INVESTORS in Tie Rack scrambled to take speedy profits yesterday when the retailing group made its debut on the stock market. The shares rose as high as 202p during the day, but profit taking drove the price down to 168p, a premium of 23p.

Tie Rack's shares began dealings by opening at 195p and institutional interest increased the price to a peak of 202p. As the day wore on profit taking began and the shares closed at a relatively modest premium of 16 per cent.

When Tie Rack went public two weeks ago—in one of the most expensive new issues the London market has ever seen—it atracted more than £1bn in investors' money for shares worth just £12.5m. The offer followed an extraordinarily buoyant period for the new issues market and many observers expected Tie Rack's shares to rise to a hefty premium of 65p or 75p.

But the stock market performed poorly for much of yesterday—although the main indices ended the day slightly higher — and this lack-lustre trading environment may have dampened investors' enthusiasm.

Nonetheless the outlook for the new issues market is still bright. Warner Howard Group, an equipment supplier which staged a placing last week, watched its shares rise to 180p, a premium of 50p on the isue price. Moreover the new issues market is gathering momentum. Six companies announced plans to go public yesterday and many more flotations are scheduled for the next few weeks.

Northern Foods advances to £75m but shares slip

BY DAVID WALLER

Northern Foods, the Hull-based foods company, saw its shares fall 13p yesterday to close at 312p despite announcing pre-tax profits of £75.2m for the year to March 31 1987, an increase of £7.8m against the previous year and in line with City forecasts.

Over the year, the company tried to reduce its exposure to US markets and expand its traditional UK activities in meat, dairy and bakery production.

Mr Christopher Haskins, chairman, said that to this end the company had made disposals totalling £200m during the year, and acquisitions worth £132m.

He predicted that profits for the present year would be reduced by £5m-£6m as a result of US divestments.

Reflecting this restructuring, group turnover declined by 11 per cent to £1.35bn (£1.51bn). Turnover from the US fell from £630.1m to £372.1m, and increased from £883.9m to £976.1m in the UK.

Operating profits were £79.1m (£74.9m), of which £65.2m (£61.2m) came from the UK. Milk and dairy products accounted for £31.9m (£30.2m) of the total. Meat and convenience contributed £18.6m (£16.7m) of UK operating profits; milling and baking made £14.5m (£13.5m).

Mr Haskins said that an excellent performance at Fox's biscuits had been partly offset by "inadequate" results at Bowyer, the meat company acquired from Unigate in 1985, and from Park Cakes, where profits halved to £2m.

Rationalisation at these two divisions would have to proceed apace during the current year, Mr Haskins said.

Profits at the Milk division were held back by the cost of introducing franchised milk-rounds. Costs of £9m associated with this and other rationalisation charges were absorbed into extraordinary items, which amounted to a credit of £20.1m (£1.6m deficit) after taking account of the surplus on the disposal of the group's 20 per cent stake in Avana.

Investment income was £8.4m (£6.9m), and the share of profit of related companies unchanged at £4m. Interest payable decreased to £14.2m (£16.4m) and the tax charge rose to £24.4m (£22.8m).

Earnings per share increased 13 per cent to 22.7p (20.01p) and the directors recommended a final dividend of 4.75p per share, making a total of 9p (8p) for the year.

See Lex

Wordplex agrees to Apricot bid

BY NIKKI TAIT

WORDPLEX, the word-processor manufacturer, yesterday agreed to recommend the cash or paper bid terms offer by Apricot, the Birmingham-based computer manufacturer.

The recommendation follows the failure of an alternative financing package—arranged in conjunction with Octagon Industries, the management services concern, with the support of the Wordplex board — to achieve the necessary majority at an extraordinary meeting of shareholders on Monday.

Yesterday, Apricot shares rose 7p to 118p on the news, valuing each Wordplex—on the 13-for-10 paper terms—at 153p and the entire group at £15.8m. There is a cash alternative of 130p. Wordplex added 9p to 147p.

Mr John Heywood, Wordplex chairman, said yesterday that he was "disappointed but realistic" about the decision. "We thought the Octagon proposals were attractive—but I suppose you could say that the Octagon deal attracted the Apricot offer," he added.

Meanwhile, Mr Roger Foster, Apricot's chief executive, said he was very pleased to have the recommendation: "it's what we really wanted.

"Certainly, there was some pressure to revise our terms," he added, "but we felt our offer was right."

Apricot says it expects to retain the bulk of Wordplex's management and hopes to talk to the board over the next few weeks—assuming no one else now enters the arena. It does, however, plan to rationalise the overseas side.

Apricot itself owns about 2 per cent of Wordplex's shares but Chase Securities, clients of which hold about 20 per cent, has previously indicated support for the Birmingham group's offer. The offer document goes out today and the offer itself closes on July 10.

Wiggins profit jump and acquisition

Wiggins Group, the London-based property developer and motor retailer, is to acquire Abingdon Estates (OBSS) housebuilders, for up to £8m.

Wiggins also announced a pre-tax profits boost of 96 per cent to £1.5m on turnover down from £63.72m to £55.04m.

The purchase price for Abingdon will be satisfied by the issue of up to 2.96m new ordinary shares of 10p each.

Mr Ssephen Haykian, chairman and chief executive, holds 50.1 per cent of Abingdon's issued share capital, and the acquisition is conditional upon Wiggins sareholders' aproval.

The initial payment will be satisfied by the issue of 1.48m consideration shares at completion and the balance by the issue of further shares to the value of 6.5 times Abingdon's pre-tax profit for the year to June 30, 1987 after certain adjustments.

The directors of Abingdon forecast a pre-tax profit of not less than £1.05m, with net assets amounting to £841,000 at that date.

Wiggins' final dividend of 3.15p will make a total for the year of 4.4p (0.5p). Earnings per share rose from an adjusted 9.2p to 13.8p.

UNITED DISTILLERS, a subsidiary of Guinness, is to sell its Australian wine company, Tolley, Scott and Tolley, for A$15m (£6.6m). The purchaser is Penfolds Wines, an Australian wine group, which will keep the majority of the 60-strong workforce.

Exports help Dawson to £47m

BY ALICE RAWSTHORN

Dawson International, the textiles group, yesterday announced an 11 per cent increase in pre-tax profits to £46.7m for its last financial year, despite the problems posed to its core knitwear business by the decline in US tourism.

Although the absence of US tourists—and retail overstocking—hampered Dawson in the first half of the year, it countered this with growth in other areas of activity, such as exports.

Mr Ronald Miller, chairman, said that trading conditions were more favourable and that the group remained committed to its long term strategy of securing growth both organically and by the acquisition of compatible textile companies.

Group turnover increased to £334.4m (£285.2m) during the year to March 31 1987 and trading profits to £46.4m (£40.4m). Other operating income halved to £1m. Interest took £775,000 (gain £120,000) and tax £16.8m (£15.9m). The anticipated loss on disposal of Mackinnon was expressed as an extraordinary item of £2.9m (£4.3m).

Earnings per share rose to 20.1p (18.5p) and the final dividend is 4.8p making 6.9p (6.2p).

Dawson invested £20m on capital expenditure to increase capacity and upgrade machinery last year. It expected to spend a similar figure in the present year.

During the year Dawson made two acquisitions—API and Duofold—both speciality textile companies in the US. Mr Miller said that it was keen to stage other niche acquisitions.

In early 1986 Dawson was "gazumped" by the then-Vantona Viyella in its proposed merger with Coats Patons. It intended to sue Coats and two of its directors to recover the £6m spent on the merger; the case should come to court in December.

● comment

High quality products, enviable brand names, equipped with new technology, lucrative export markets and a broad base of businesses: Dawson is the model of a modern textile company. Yes its shares have underperformed not only the market but the textile sector in the last year or so. The future looks rather rosier. The US tourists are back, retail demand has revived, the prospects for European exports are favourable and the fruits of US expansion should filter through. The only potential problem is the effect of a weak dollar on US sales. Profits should rise to £54b with a prospective p/e of 13.5 on yesterday's share price, up 25p to 315p. On fundamentals Dawson looks cheap. But the ever impressionable City may look for a little more excitement before the shares regain momentum.

Asda Property shares hit 750p on bid approach

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Asda Property Holdings yesterday disclosed that it was the subject of a big approach from an unspecified company.

The disclosure had an electric effect on the shares, which moved up to 750p for a rise on the day of 85p.

But the approach so far has not led to a definite offer, although talks have progressed beyond the tentative stage.

The timing is difficult for Asda. It is seeking to raise £15.2m through an issue of convertible preference shares which have been conditionally placed with clients of County, the National Westminster merchant bank, and Alexanders Laing and Cruickshank.

But there is also an open offer outstanding on the basis of 14 convertibles for every 10 ordinaries held and this closes tomorrow.

The bid approach disclosure was made to alert shareholders of the uncertainty that is hovering over the company.

Asda itself both trades and holds properties for investment. It holds property assets valued at £56m and its net assets per share are 455p, having risen from 301p over 1986. Last year its pre-tax profits increased 74 per cent above 1985 to £1.92m.

Allied-Lyons Toronto listing

Allied-Lyons, the food and drink conglomerate, yesterday announced its intention to seek a listing on the Toronto Stock Exchange. New shares will be issued in Canada, but they will not exceed 2.5 per cent of the issued share capital.

Meanwhile, the group's annual report revealed that the salary of Sir Derek Holden-Brown, the chairman and chief executive, more than doubled last year to £293,225.

The report also revealed that around £200m of an unquantified pension surplus has been used to improve benefits to members and that further surpluses were likely to apepar.

See Lex

Dowty pays £26m in deal with Boeing

By David Waller

Dowty Group, the engineering conglomerate, is making its second major acquisition this month with the purchase of Hydraulics Units from Boeing for $42.5m (£26.1m) in cash.

This follows the acquisition of Woodville Polymer Engineering for £35.9m in cash, announced a fortnight ago. Gross borrowings will rise to some 40 per cent of shareholders' funds as a result.

Mr Reginald Moore, Dowty finance director, said that the transaction would increase the company's presence in the US aerospace market, and strengthen its relationship with Boeing, a major customer for HUI's hydraulic systems.

HUI's net assets at March 29 were $24.7m, and it made pre-tax profits of $4.3m on turnover of $53.2m in the year to the end of December.

Dowty's shares rose 2p yesterday to close at 280p.

Approach made to Ryman

BY DAVID WALLER

Ryman, the office equipment retailer which joined the USM in October 1986, has received an approach which "may or may not" lead to an offer being made for the company.

Shares in Ryman rose 39p yesterday after this was announced, closing at 190p, against 130p on Monday morning. This compares with the 102p achieved whe nthe company first came to the market by way of a tender offer, an 8p discount to the striking price.

Mr John Wynne-Williams, deputy chairman, said the approach came yesterday morning in the form of a letter from a listed company which had expressed a "tentative interest" in acquiring Ryman in the past.

He said that as yet he had made no response to the proposals contained in the letter, but "would be surprised if the figure mentioned there would be the one we settled at."

Rymans yesterday appointed Samuel Montagu, the merchant bank, to act as financial adviser during the course of negotiations

Mr Rupert Faure-Walker, a Montagu director, said t hat further details would be available in a fortnight's time.

Chaired by the colourful Ms Jennifer D'Abo, Ryman recently announced pre-tax profits of £179,000 for the six months to November 29 1986.

Simon Eng. expands in the US

By Nikki Tait

SIMON ENGINEERING, which saw off a £201m "management buy-in" bid from Mr Philip Ling's Valuedale early this year, yesterday announced further expansion in the US with the purchase of Metro Oil and Chemical Corporation from the privately owned Steuber Group.

Metro is based at Ridgefield, New Jersey, where it has a2½-acre storage and handling facility and from where it distributes solvents and petrochemicals.

No details of the purchase price, profits or assets of Metro are being given, although Simon does disclose that the company has annual sales of $18m (£11m).

Post-acquisition, one of Simon's existing US subsidiaries — TR American Chemicals—will be integrated with Metro giving combined annual sales of around $25m.

The announcement was made at Simon's annual meeting, at which outgoing chairman, Mr Harry Harrison, said that the company now had a "firm base for future expansion."

Australia Inv. Tst.

Australia Investment Trust a UK investment trust controlled by Associated National Life Insurance of Australia is to raise £15.8m through a two for one rights issue at 135p a share.

Subscribers will also receive one warrant for every five new shares exercisable at 143p a share on December 31 from 1988 to 1993. The issue is underwritten by PK English Trust and Tyndall and Co.

Gilbert House plans acquisition

Gilbert House Investments, which came under the control of Mr Nigel Wray and Mr Peter Kleeman last December, plans to acquire a property trading company to complement Centrovincial Estates, taken over last April.

This intention was set out yesterday as Gilbert House announced results for the merged companies.

For the year to March 1987, Gilbert House had pre-tax profits of £50,000 against £88,000 the previous year. There is no dividend.

Centrovincial more than doubled its pre-tax profits in the year to last March to £2.8m from £1.01m and is paying dividends of 6.75p compared with 6p for 1985-86.

The combined pro forma accounts reveal that Gilbert House and Centrovincial have net assets per share of 55p.

The merged company expects a full Stock Exchange listing on June 29. On the USM yesterday, Gilbert House shed 4p to 101p.

COMPANY NEWS IN BRIEF

RAINE INDUSTRIES, the housebuilder and steel re-roller, is paying £6m for the Twiname Group, a housebuilder operating in North West Cumbria and South West Scotland, and £2.6m for the Midland Group, a home developer in the West Midlands. Some 7.05m new shares are to be issued in connection with the purchases, with 5.09m to be placed at 120p each, and the rest retained by the vendors.

RIVLIN: Dealings in company's shares suspended yesterday pending an announcement tomorrow. Last month Rivlin, USM-quoted property company, merged with property group CMD. The latter was formed via a management buy-out of the property interests of Guinness Peat.

DUNDEE & LONDON Investment Trust—Earnings half year ended April 30 1987 were 2.46p (2.29p) and interim dividend 2.4p (2.2p) net. Gross revenue £712,000 (£634,000). Net asset value at April 30 came to 354.3p (271.1p).

DIVIDENDS ANNOUNCED

Alphameric	1.75	Sept 9	1.15	2.5	1.5
Bradford Prop.	6	Aug 7	5.25*	11	9*
BSS	6	July 31	5	9.25†	7.75
Cape Ind	2.5	Aug 5	2	3.5	2
Carron Industries ...int	2.8	July 14	2.8	—	7.5
Dawson Intl	4.8	—	4.3	6.9	6.2
J. A. Devenish ...int	†0.75	July 24	0.55	—	2.7
Dundee London Tst int	2.4	—	2.2	—	6
EMAP	†2.13	—	1.48*	3	2.17*
J. H. Fenner ...int	2.5	—	2	—	5
Thomas French ...int	1.15	Aug 29	1.15	—	2.88
Gee/Rosen ...2nd int	‡1.1	July 6	1.1	1.65	1.65
Gold Greenlees	2.8	—	1	4	1
Harrison Inds	3.9	Aug 3	—	5.75	—
Headlam Sims	0.5	July 17	0.5	0.5	0.5
Heskyns Grp ...int	0.6	—	—	—	—
House Prop	6	—	6	9	9
London & Clydeside int	‡1.7	July 28	1.7	—	5.7
Meyer Intnl	4.85	Sept 7	3.8	7	5.75
Northern Foods	†4.75	Aug 21	3.75	9	8
Parambe ...int	0.5	—	0.45	—	1.35
S & U Stores	2.5	—	nil	2.5	nil
Watson & Philip ...int	†2.3	Aug 14	2	—	6.8
Wiggins	†3.15	Aug 3	0.5	4.4	0.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issues. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.

UK COMPANY NEWS

Valin Pollen in £70m US deal

BY STEVEN BUTLER

Valin Pollen International, the corporate public relations and advertising company, is expanding across the Atlantic with the purchase of the Carter Organisation, a New York public relations company, for a maximum of $114.6m (£69.9m).

The deal will nearly double Valin Pollen's annual turnover and more than quadruple its profits.

The enlarged group will be what Valin Pollen says is the largest international public relations group specialising in investor relations, and would pave the way for further expansion of the group in Europe, the Far East, and Australia. The aim is to create a network that can service clients in important financial markets throughout the world.

Valin Pollen's also announce interim pre-tax profits up 30 per cent to £1.2m in the six months to the end of March. Turnover rose 20 per cent to £14.54m.

The company forecast that its profits for the year would be at least £2.5m while the pro-forma profits of Carter for the same period would be at least $15.25m. An initial payment of $51m is to be followed by three payments in the subsequent financial years depending on the performance of Carter and Lauren Advertising, an advertising agency servicing Carter's clients which Carter is taking over.

The initial payment is to be funded entirely by the issue of new shares, $50m of which are to be underwritten and placed, with Mr Donald Carter, Carter Organisation chairman and chief executive, retaining $1m worth of the shares. The terms and conditions of the share issue are to be determined next week.

Subsequent payments are to be funded by a combination of cash and share issues. Valin Pollen shares were suspended yesterday at 290p.

In addition to the geographic expansion provided by the acquisition, Mr Reg Valin, Valin Pollen chairman, said that the two companies would together provide a broader range of client services. Carter's clients include Gannett, General Motors, ITT, Eastman Kodak, Union Carbide, and Xerox.

STC in £30m disposal to US capacitor maker

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

STC, the UK electronics and telecommunications equipment group, took a further step in its reorganisation programme yesterday with the £30m sale of one of its component activities to AVX of the US.

The disposal of the tantalum capacitor operation, which had sales of about £26m last year, follows asset divestments of £77m in 1986. STC said that the capacitor business was profitable, but that the deal was in line with its strategy of refocussing its business on its communications and information systems interests.

AVX, which claims to be the world's leading capacitor manufacturer, said that it intends to preserve the 800 jobs in the business being sold by STC. "The tantalum operation has significant development and manufacturing capability and makes a good fit with AVX's existing business," said Mr Brian Morris, managing director of AVX UK.

Capacitors are one of the standard products of the electronics industry, used in very large volumes in the consumer sector.

The two plants being sold to AVX are at Paignton in Devon, which employs 500, and at Furth-Bislohe in West Germany, which has a further 300 employees. These will be added to AVX's existing European activities, making ceramic capacitors at two factories in Northern Ireland and another at Rouen in France.

As a result of the deal, AVX will virtually double its present operations in Europe. Last year, the group generated operating profits of $4.5m on sales of $48m in its European interests, which employ just over 1,000 people. The US company as a whole returned to profitability in the first quarter of this year, after running up net losses of $3.1m on sales of $195m.

A. Caird shares rise as holdings change hands

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

SUBSTANTIAL CHANGES in the shareholdings of A. Caird and Sons, the Scottish property company, have given the major role in running the company to Mr Peter Linacre, an independent London investment manager.

Caird announced yesterday that Mr Christopher Parker, the chairman, and Mr Christopher Quelch, a director, have sold their personal holdings and the share stake held by their company, Parque Investment, to Mr Linacre and three institutions.

The Parker and Quelch holdings amount to 29 per cent of the equity, or 1.5m shares. They were sold at 105½p a share, a sharp discount to the market price.

Before the announcement Caird shares were 120p. They rose yesterday to 200p for an 80p rise on the day.

Mr Linacre now holds 12 per cent of the Caird equity and the three institutions—Prudential Assurance, County Investment Management and Target Investment Management—hold 17 per cent.

But there is another major shareholder, Cardiff Property.

J. H. Fenner trebles profits midway

MOST AREAS of its activities contributed to the trebling of pre-tax profits at J. H. Fenner (Holdings) for the half year to February 28 1987.

With turnover for this Hull-based power transmission manufacturer up by 6.6 per cent to £76.29m (£71.54m) the pre-tax result soared from £1m to £3m after substantially lower interest payments of £1.71m against £2.39m.

The directors have declared an increased interim dividend of 2.5p (2p). For the year ended August 1986 a total payment of 5p was made when the pre-tax result was £4.77m. Earnings for the half year jumped from 1.68p to 4.55p per share.

UK sales were 17.9 per cent ahead but due to fluctuating exchange rates overseas sales, in sterling terms, declined by 2.5 per cent, Mr P. W. Barker, chairman and chief executive, reported.

The major exception to the all-round growth was India, he said, where the first half had been particularly disappointing. However, it was expected that as in previous years the second half would produce better results.

The proceeds of the flotation of Fenner (South Africa) on the Johannesburg Stock Exchange last month were substantially used for the enlargement of the South African business, the chairman said, with no new investment from the UK being involved.

An agreement recently signed with Shell UK and the National Engineering Laboratory augured well for the future he added, giving Fenner a world lead in water hydraulics.

Operating profit for the half year rose to £5.18m (£3.57m), from which related companies losses took £460,000 (£171,000).

● comment

Fenner had a poor first half last year so anything less than a tripling of pre-tax profits after the heavily reduced interest charge would have come as a disappointment. A recovery in British Coal orders helped the conveyor belting division, power transmission saw the fruits of the heavy restructuring of its UK manufacturing operations, and improvements in the overseas operations made up the rest. For the full year around £8m is probably still in sight, producing a prospective price/earnings ratio of 12½ at yesterday's 201p. That is probably high enough: the company is still making less profits now than it was 10 years ago and it is hard to see much excitement in the medium term. Fenner's water hydraulics project is unlikely to produce any results for a few years yet and Emerson Electric's 25 per cent stake is looking rather less malignant than some shareholders would like.

UNILEVER has agreed to sell Prince Manufacturing, its US tennis racquet making subsidiary, to Brentwood Associates, a Los Angeles leveraged buy-out company. It acquired Prince when is bought Chesebrough Pond's, Prince's parent, in December last year

BSS expands and sees bright future

PRE-INTEREST and pre-tax, and restated on a continuing business merger basis, the profit of BSS Group for the year ended March 31 1987 improved from £7.35m to £8.16m. The dividend is raised from 7.75p to 9.25p net on increased capital, with a final of 6p.

The company is a distributor of industrial heating and pipeline. During the year it sold its manufacturing side and acquired Manor Building and Plumbing Supplies. Profits include Manor and in 1986 there was an additional £478,000 from discontinued businesses.

After interest charges of £327,000 (£540,000) the profit before tax was £7.83m (£7.29m). The directors emphasised the pre-interest profit because, after disposals had been completed, all borrowings had been eliminated.

Costs of closure or disposal were £985,000 and have been treated as an extraordinary charge.

The directors said throughout the year the progress of the main distribution operations continued satisfactorily, and prospects were encouraging.

"Our share of the markets which we serve leaves good scope for expansion in the years ahead and we are well placed to take advantage of opportunities for further acquisitions."

● comment

BSS has enjoyed a re-rating over recent months as the market has appreciated the benefit of a revamped management, the disposal of the manufacturing business and the acquisition of Manor. The shares now stand at 393p compared with 240p around the end of last year. However, these figures obscure rather than highlight the company's progress; equity rather than merger accounting might have shown up the growth in the pre-Manor distribution businesses. This year, the cash proceeds from the disposals and a reasonably buoyant trading environment should push pre-tax profits up to £9.25m; that puts the shares on a prospective p/e of 12.5, which does not look overdemanding.

Brodian lifts stake in Buckley's

Brodain, the nominee company representing Mr Guy Cramer and Mr Peter Clowes, yesterday announced that it had increased its stake in small Welsh brewer, Buckley's Brewery, from 27.5 per cent to 29.99 per cent. The latest 367,230 shares were bought at 160p.

Yesterday, both Buckley's and Brodian said they were trying to fix a meeting for next week. Mr Clowes has already said that Brodian would like a boardroom seat.

Aside from the Brodian stake—which was purchased from Bestwood, the property and financial services group last week—a further 27 per cent is held by Whitbread and Whitbread Investment Company.

Mr Clowes and Mr Cramer are both directors of James Ferguson, the former shell now being built into a financial services group, but Brodian is a private concern and unconnected with the quoted concern.

Buckley's shares were 1p lower at 164p.

BRADFORD PROPERTY Trust (property dealer and investor): Final dividend 6p making 11p (9p adjusted) for year to April 5 1987. Pre-tax profit £15.37m (£11.85m) and earnings per 25p share 35.87p (25.79p)

ISSUE NEWS

BY RICHARD TOMKINS AND ALICE RAWSTHORN

Britannia worth £17.6m at offer-for-sale price

Britannia, the Cheltenham-based property developer seeking a full listing, yesterday unveiled details of an offer for sale which will bring it to the market at a capitalisation of £17.58m. The prospectus will be published tomorrow.

Brown Shipley, the merchant bank, is offering 3.7m shares—33 per cent of the total equity—at 155p each. With profits of £1.8m forecast for the current year, the company is priced on a prospective p/e multiple of 13.5.

Britannia was founded in 1960 but took its present form in 1983, when the management staged a £2.2m buy-out from the original founders. It employs about 235 people on projects mainly around Cheltenham, Gloucester and Swindon.

Much of its turnover last year came from construction, notably of out-of-town stores for major retailers. However, the group is putting increasing emphasis on its development activities

The prospectus will show the pre-tax figure rising from £242,000 on turnover of £8.2m in 1983 to £801,000 on turnover of £22m in the year to last December.

For the current year, the realisation of profits on the development of RoyScot House on Cheltenham's Promenade will be a substantial contributor to the forecast £1.8m profit.

Britannia will be only the fifth company this year to have chosen the offer-for-sale route when it could have opted for the more usual placing. It expects the publicity to raise the group's profile.

Of the £5.7m being raised, £1.55m will be split between the three principal shareholders—Mr Jim Sugrue, Mr John Rickards and Mr Bob Herrick—and their families.

The remaining £3.7m after expenses will go to the company and enhance its ability to invest in development opportunities.

Colorvision jumps on the bandwagon

AFTER THE flotation of Sock Shop and Tie Rack, specialist retailing has emerged as one of the most popular areas of the new issues market. Colorvision is the latest specialist to jump on the bandwagon with its flotation on the USM.

Colorvision, which is based in Liverpool, is a group of 17 specialist television and video shops throughout the north west.

The group is structured on the unusual concept of "management enterprises" whereby each shop is set up as an independent subsidiary and is run by its own managing director with a 20 per cent equity stake in the business.

Mr Neville Michaelson, chairman and managing director, said that this structure combines "the best of both worlds: the commitment of an independent with hte strength of a multiple."

Six more Colorvision units will open by the end of the present financial year and, in the long term, Mr Michaelson plans to develop a national network.

The bulk of the money raised by the placing will be retained by the vendors, but the company will receive £250,000 to be used as working capital.

In its last financial year, to September 30 Colorvision made pre-tax profits of £367,000 on turnover of £6.77m. This year it expects to produce £1.2m on £11.6m with earnings per share of 6p.

Colorvision will place 2.95m shares, representing 22 per cent of its equity, at 120p a share. The company will go public on a prospective p/e of 20 and will be capitalised at £16.1m. Capel-Cure Myers will sponsor the issue.

Exchanges restrict growth at Minet

... Minet Holdings, a major Lloyd's and international insurance broker, raised its profits by just 2.3 per cent to £4.5m pre-tax for the opening three months of the 1987 year.

The directors pointed out, however, that the figures had been reduced by £500,000 as a result of unfavourable exchange rates.

They said that due to the nature of the group's business income does not accrue evenly during the year and that the results for a single quarter should not be taken as a guide to the outcome for the full year.

First quarter turnover rose from £20.86m to £25.08m, an improvement of 20.2 per cent.

The underlying growth in broking income continued to be at a rate of 21 per cent while the underlying growth in expenses was 20 per cent.

For the 1986 years as a whole the group raised its pre-tax profits by 21 per cent to £36.24m on the back of a 22 per cent rise in turnover to £104.83m.

Meyer profits jump to £45m

RECORD FIGURES were produced by Meyer International in the year ended March 31 1987, as it took full advantage of the good trading opportunities provided by an improving UK economy.

Mr Ronald Groves, chairman of the group, yesterday reported a rise from £565m to £616m in turnover but an advance from £32m to £45m in pre-tax profit—representing percentage improvements of 9 and 41 respectively.

Earnings worked through at 32.69p (22.57p) per share and the dividend is raised from 5.75p to 7p net. with a final of 4.85p.

On prospects, Mr Groves said the future "certainly looked good." There was every indication that activity in the UK construction industry, for the next year or two at least, would be helpful to continued growth.

Following the acquisition of Brownlee, the business in Scotland was being reorganised to the same formula as in England and Wales, and he was confident that this would be successful. But Scotland was not yet enjoying its share of the fruits of the UK economic revival, he pointed out.

Reviewing the year, the chairman said in forestry products most of the individual companies did well, with improvements over 1986. The major softwood companies performed exceptionally well and the new specialist timber merchant-grouping developed satisfactorily in its first year.

Market conditions in timber and builders' merchants improved steadily. Jewson was able to produce a much better performance, with volume and market share increasing.

Manufacturing results on the whole were good. Doors benefited from the reorganisation and kitchens picked up to finish the year strongly.

Sales of surplus properties produced £6m and a profit of £1.7m. There still remained for sale properties with a value exceeding £10m.

At the year-end shareholders' funds had risen to £213m. Despite the near £14m cash element of the Brownlee acquisition net borrowings were only £10m.

● comment

The City was a bit cruel to Meyer International yesterday, initially greeting a 41 per cent rise in profits with a quick sell-off, although second thoughts pushed the price back to the 429p opening level. A mild winter and a strong fourth quarter in the building industry had pushed expectations unrealistically high. In recent years Meyer has transformed itself from an importer/wholesaler of timber to a diversified manufacturer and supplier of building materials. Now that most of Meyer's formerly loose screws have evidently been fastened securely and capital gearing is dropping back to zero, what is next? Future growth would apepar to depend on the buoyancy of the UK housing market, which this year looks good, but it is hard to see how margins of 7.3 per cent can be improved upon. Analysts are looking at profits in the current year to rise another 17 per cent to £53m, which would mean a prospective p/e of about $11\frac{1}{2}$. A safe, if unexciting, multiple in the timber and building sector.

Elga floating in for a main market quote

Elga, a water purification equipment company based in High Wycombe, Buckinghamshire, is to join the main market through a placing which will value it at £9.6m.

Hill Samuel, the merchant bank, is sponsoring the issue of 4.6m shares at 95p each, with Wood Mackenzie as stockbroker.

The equipment made by Elga is used in industrial and scientific processes including those in the electronics, pharmaceutical, cosmetics, metal finishing and food and drinks industries.

The company was founded in 1937 to market electrical and gas appliances but moved into water purification equipment in the 1950s. Its products range from compact equipment for laboratory use to large industrial systems, and about 40 per cent of its sales are overseas.

Pre-tax profits have risen from £288,000 in 1983 to £1m in the year to March 1987 on turnover up from £5m to £12.1m, and the company is being floated on an historic price/earnings ratio of 14.1.

The directors say that trading in the first two months of the current year has been disappointing but they are confident for the year as a whole.

Of the shares being placed, 2.5m are being sold by existing holders—mainly the founder's family and Citicorp Capital Investors Europe—and 2.1m are being issued by the company to raise £1.5m net.

Knobs & Knockers gets £8.6m tag

Knobs & Knockers, which is involved with home accessories retailing and residential estate agency, is joining the USM in a placing of shares. After the placing it will be capitalised at £8.6m.

Since the late 1960s Knobs has built up a group of 58 shops and shop-in-shops selling architectural hardware such as door, window and bathroom fittings generally made in brass.

After going public, it intends to expand its retail network and to develop its fledgeling franchising operation.

The company also runs a wholesale business which it plans to expand by diversifying into the building trade, possibly through acquisition.

Knobs is also been to expand Bargets, its estate agency which sells residential property in expensive areas of London, by opening new branches

The company produced pre-tax profits of £604,000 on turnover of £7.3m with earnings per share of 5.36p in the year to March 31.

Mr Michael Warshaw, chairman, said that Knobs had decided to go public in order to accelerate its expansion programme.

The company envisages acquisitions to develop its existing interests and to move into new areas of niche retailing.

In the placing, through James Capel, it will issue 2.47m shares, or 30 per cent of its equity, at 105p a share. This puts Knobs & Knockers on an historic multiple of 19.6.

JOHN CROWTHER GROUP's under-written rights issue was taken up to the extent of nearly 20.6m shares, equal to 95.4 per cent. The balance was sold in the market.

Ross Electronics heads for USM via placing

IN AN enterprise culture it is scarcely surprising that company founders seem to become younger by the day.

However, the founder of Ross Consumer Electronics, a new recruit to the USM, was younger than most when he set up in business.

Mr Ross Marks formed the company, which he now chairs, while a business studies student in London. He left a lecture on "How to set up in business" to put the theory into practise and set up Ross Consumer Electronics in 1971, initially as a mail order concern selling blank audio casettes.

The company now manufactures and distributes audio accessories such as headphones, radios, microphones and microspeakers both in the UK and overseas.

It has increased both pre-tax profits and turnover for the last five years—with the exception of 1983-84 when profits were affected by the cost of opening a UK production base—to £510,000 on £3.98m and earnings per share to 9.6p in the year to March 31.

Ross will go public through a placing of shares sponsored by Smith New Court. It will issue 883,730 shares, or 20 per cent of its equity, at 165p each thereby valuing its business at £7.2m. It will join the USM on an historic p/e of 17.2.

Most of the money raised by the placing will be invested in the company in order to finance new product development and overseas expansion.

Ross has just diversified into the production of industrial headphones and has secured the licence for headphones under the Fidelity brand name.

Paul Michael negotiating acquisitions

The announcement yesterday of am uch increased loss for 1986, Paul Michael Leisurewear said it had requested temporary suspension of its listing as it was negotiating significant acquisitions.

It had conditionally agreed to buy Alec Burman and Son, a manufacturer of ladies' fashion coats, suits, jackets and skirts; and was at an advanced stage to purchase a specialist international retail group.

The loss for 1986 came to £261,000 (£54,000) pre-tax on a turnover of £4.19m (£5.87m), but the directors said they viewed the current year with confidence.

In the results, final provision was made for the closure of the footwear importing side, the footwear manufacturing subsidiary of E. P. Shoes incurred a loss of £222,000. and additional provisions for slow moving stocks reduced the profits of the knitwear company to a nominal figure.

However, measures taken at E.-P. Shoes have led to a reasonable profit for the first quarter of the current year and the outlook was encouraging. Knitwear also returned a useful profit and should have a more profitable year.

Stanco goes on show

Stanco Exhibition Group, which fits out exhibitions, yesterday announced plans to go public on the USM through a placing of shares which will capitalise its business at £5.52m.

The company is joining the second market in order to raise capital to fund the expansion of its business and to facilitate acquisitions in the future.

It was founded in 1962 and has since diversified into different areas of the exhibition fitting field. Stanco now fits events such as the Chelsea Flower Show and National Boat Show. Two years ago it acquired Keymead, a haulage company.

Prior to joining the USM it mounted the reverse takeover of Tavahomes, formerly a property developer.

In its last financial year, to April 30, it produced pre-tax profits of £344,291 on turnover of £3.3m. It forecasts profits of at least £500,000 for the present year with earnings per share of 1.1775p.

Stanco will issue 6.47m shares, or 23 per cent of its equity, at 20p each in the placing through Jacobson Townsley. It will go public on a prospective multiple of 16.98.

Most of the money raised will be channelled into the company.

S & U STORES (retail credit): Dividend of 2.5p (nil) for the year to January 31 1987. Turnover £37.76m (£37.06m) and pre-tax profits £1.24m (£632,000). Tax £540,000 (£298,000) and earnings 6.24p (2.09p).

Cresta seeks a listing

Cresta, a conglomerate of companies operating mainly in the Isle of Man, is seeking a listing on the London stock market through an introduction sponsored by Lloyds Merchant Bank.

It says it will be the third Isle of Man company to attain a listing.

The company has interests in financial services, corporate communications, construction and property, development of a village for retired people, and the motor trade.

In the year to last December it made pre-tax profits of £269,000 on turnover of £6.09m. Dealings are due to begin tomorrow.

YEARLINGS: The interest rate for this week's issue of local authority bonds is $8\frac{11}{16}$ per cent, down $\frac{1}{16}$ of a percentage point from last week, and compares with $9\frac{1}{4}$ per cent a year ago. The bonds are issued at par and are redeemable on June 22 1988. A full list of issues will be published in tomorrow's edition.

Hoskyns ahead of City expectations at £2.8m

BY DAVID WALLER

Hoskyns Group, the computer services company which came to the stock market last December, yesterday announced pre-tax profits of £2.76m for the six months to the end of April, an increase of a third over the same period in the previous year.

This result was ahead of city forecasts in the region of £2.1m and the share price rose 3p yesterday to close at 236p. This compares with the 128p price at which they were placed when Martin Marietta, the US defence aerospace and information technology group, disposed of 25 per cent of the equity just before Christmas.

Turnover increased by 26 per cent to £39.9m (£31.6m), and fully diluted earnings per share rose from 3.4p to 4.4p. The directors recommended the company's first interim dividend of 0.6p.

Mr Geoff Unwin, Hoskyns managing director, said that the growth had been across all three of the company's main areas of activities: professional services, turnkey projects, and facilities management, where Hoskyns assumes full responsibility for all its client's data-processing requirements. Turnover was equally divided between the three divisions.

Mr Unwin said he was actively looking for acquisitions, both in the UK and Europe. Marietta would be happy to dilute its remaining 75 per cent stake in Hoskyns by supporting acquisitions made for shares, he added.

Blacks in Gee/Rosen bid and £6m cash-call

BY NIKKI TAIT

Blacks Leisure, the camping and leisurewear retailer which was saved last year from receivership by a £1m consortium rescue package, yesterday emerged as the recommended bidder for Gee/Rosen Organisation, the clothing group in which USM-traded shares were suspended at 63p on Monday.

Blacks combined news of its all-paper offer with the announcement of an additional £6.1m rights issue, a £2.44m pre-tax loss to February 28 and a prospective capital reconstruction in the second half of 1987. Its own shares weathered the barrage with a $1\frac{1}{2}$p fall to $29\frac{1}{2}$p; Gee Rosen came back at 65p.

The terms of the offer are five Blacks shares for every two Gee/Rosen, valuing the company at £4.9m on yesterday's prices (or about £4.3m if Blacks shares are adjusted for the full theoretical effect of the rights issue). The bid has the backing of Gee/Rosen directors who speak for almost 70 per cent of the shares and they have guaranteed to retain at least 65 per cent of the Blacks shares received for at least 18 months.

Gee/Rosen came to the market in 1984 at 33p. Yesterday, it announced pre-tax praofits for the year to March 31 down from £377,000 to £127,000, on sales up from £10.8m to £11.9m.

Gee/Rosen had already warned of stock thefts—costing some £120,000 and taken off operating profit — but says figures were also hit by the closure of its direct retail operation plus a change in accounting policy. To pay a same-again total dividend of 1.65p, Gee has transferred £35,000 from reserves.

However, four directors—the principal shareholders—have warranted £350,000 pre-tax in the current year. Two directors, including the financial director, are not involved in the warranties.

Blacks' £2.4m loss (£1.64m deficit) follows a £790,000 loss at the halfway stage. Sales dropped from £9.2m to £6.64m. After a nil tax charge there is a £1.18m (£2.37m) extraordinary write-off, leaving a final deficit of £3.62m (£4.1m).

However, Mr Bernard Garbacz, maintains that this is "the end of the bad news" and that the company is now trading profitably. Rationalisation has reduced the number of Blacks stores to 37; the current year will also benefit from the Howard Sports acquisition in March, as well as Gee/Rosen.

The rights issue is being done at a hefty discount—a six-for-25 issue at 13p a share—and directors, who hold about 35 per cent at present, have guaranteed to take up 23.24 per cent of the issue. The money, they say, will be used to strengthen Blacks' balance sheet and also provide funds for further acquisitions.

Even so, Blacks is planning a capital reconstruction, to be tabled at the time of the AGM. The aim is to rationalise the share capital—there will be about £270m Blacks shares in issue after these latest arrangements—and reduce the deficit on distrutable reserves in order to speed the return to the dividend list.

Parambe £1.6m cash call

Parambe, investment company, proposes to raise some £1.63m net by a one-for-two rights issue at 75p per share.

Mr D. Davenport, chairman, has undertaken on behalf of himself and his wife to subscribe for their full personal entitlement of 565,000 shares. Accordingly, the issue will be underwritten to the extent of the 1.71m balance of shares.

Injection of capital will enable the company to compete more effectively for high quality unquoted investment opportunities. An interim dividend of 0.5p (0.45p) is declared.

HOUSE Property Company of London: Final dividend 6p, making unchanged 9p for 1986 year. Pre-tax profit £146,724 (£42,186). Tax £41,565 (nil) and earnings 10.52p (4.22p).

Helene of London in £2.93m rights

Helene of London, fashionwear manufacturer, is to raise about £2.93m in a three-for-eleven rights issue.

The new ordinary shares will be priced at 33p, and funds raised will pay for organic growth and acquisitions. The issue has been underwritten.

HEADLAM, SIMS AND COGGINS (footwear): Final dividend 0.5p making 0.5p (same) for year to January 31. Turnover £6.4m (£7.2m) and pre-tax profits £10,856 (£10,448). Tax £2,408 (£18,061) and earnings per share 0.26p (0.63p).

FALCON INDUSTRIES: Samuel Montagu now holds 1,753,244 ordinary shares in company following the acquisition of the interest from Atkinson Workspace (in receivership).

UK COMPANY NEWS

EMAP advances 50% and makes £5m acquisition

EMAP yesterday reported a near 50 per cent increase in pre-tax profits for the year ended April 4 1987, and also announced another acquisition—exhibition organiser FIE, for £4.8m in cash, with a further performance related payment.

Fomerly East Midland Allied Press, EMAP publishes consumer and business magazines and local newspapers. It is also involved in exhibitions, newspaper printing and electronic publishing. Turnover for the year rose from £101.44m to £116.63m and the pre-tax result came out at £15.02m against £10.17m for a 53-week period.

The directors are recommending an improved final dividend of 2.13p, 1.48p adjusted) which will bring the total to 3p (2.17p adjusted) for the year.

FIE, which pioneered exhibitions in the general financial services sector, achieved profits of £294,000 pre-tax in the year to October 1986 and at that time had net assets of £180,000. Profits for the year to October 1987 are expected to be more than £500,000.

Mr Frank Rogers, chairman, said yesterday that EMAP currently had some 200 titles and exhibitions compared with 122 at the beginning of the last financial year.

The acquisition of Trade Promotions Services in April increased the number of exhibitions organised to 35 and made EMAP number two in the UK exhibitions market, he said.

On future prospects the chairman added that the year had started well and he looked forward to enhancing EMAP's growth with the recent acquisitions.

Operating profits for the period improved to £14.1m (£9.96m). Staff share bonus took £415,000 (£291,000). While income from investments added more at £135,000 (£68,000), interest received jumped from £433,000 to £1.21m.

Tax was £5.41m (£3.78m) and minorities took £9,000 (£39,000) to leave earnings ahead at 8.9p (6p) per share.

There was an extraordinary debit of £46,000 (credit £5.43m) being the cost of business closures offset by gains on the sale of land and property.

● comment

Pre-tax profits £1½m ahead of the most optimistic forecasts ought to guarantee a warm response from the market but for some reason (perhaps the almost 10 per cent rise over the last week?) EMAP's share price was unchanged at 218p. A maiden contribution from Scarborough Newspapers and Bedford Press boosted profits some £1.3m; Just 17, Looks are still gonig strong and the speculation about the launch of a women's mag for the 25 plus is accurate but premature. Even the fad-driven Smash Hits, the appeal of which some analysts thought would wear off, is sustaining its 500,000, mainly weenybopper, circulation. After a stream of take-overs so far this year, EMAP's acquisitive drive ought to be satiated for a bit. However, zero gearing provides plenty of opportunity to respond to anything interesting that comes on the market in the consumer (especially if it's sports oriented) and financial magazine areas or, for that matter, in the regional newspaper field. This year at least £5m is expected from the three major purchases already made, which with organic growth should see £23¾m reached. The prospective p/e of 19 is below hte group's usual 20 per cent premium.

Devenish improves by 74% to £2.6m

SHARPLY HIGHER profits were returned by J A Devenish, Dorest-based brewer and leisure group, for the opening six months of the 1986-87 year and the interim dividend is being lifted by 0.2p to 0.75p.

The profits growth was primarily achieved from increased contributions from the managed houses and from cost savings from rationalisation in brewing and distribution.

A changed pattern of distribution to the tenanted estates in Devon and Dorset and reduced turnover but increased profitability from this division.

The directors said that the changes and developments that had taken place in recent years had lessened the group's profits dependence on the second six months.

Turnover for the half year to March 31 edged ahead from £15.28m to £15.65m but at the pre-tax level profits increased to £2.6m, an improvement of 74 per cent over last time's £1.49m.

Tax of £711,000 (£418,000) left net profits at £1.89m (£1.08m), equal to earnings per 5p share of 4.67p (2.49p).

Devenish merged with USM-quoted Inn Leisure Group in March last year.

All-round growth at Alphameric

REFLECTING strong performances in all divisions, Alphameric has lifted its pre-tax profit from £2.13m to £3.62m in the year ended March 31 1987. The dividend is raised by 1p to 2.5p net, the final being 1.75p.

The company makes electronic keyboards, colour terminals and advanced information systems, and the year's profit follows an increase from £512,000 to £1.73m at the half-way stage.

On prospects the directors said they looked for another successful year. The company had "a fine array" of new products, a strong order book, and highly motivated people.

Mr Dougal Craig-Wood, chairman, said the keyboard division established itself as a leading European supplier and was enjoying increased demand from large international companies. Throughout the year new dealing room systems were installed, augmenting the already substantial customer base.

After the year end the company made its first UK acquisition since flotation, issuing 500,000 ordinary shares to buy Real Time Developments that specialises in firmware (dedicated permanent software) and communications.

The viewdata terminals business of Bishopsgate Terminals was set up for a new growth phase, said the chairman. That was based on newly developed products supporting the information explosion in the high street; simultaneously the subsidiary had been addressing new markets opened up by data broadcasting.

Alphameric's commitment to harnessing new, profitable market opportunities was reflected in its R & D expenditure, which increased by 64 per cent to £1.8m.

In the past year turnover rose from £12.58m to £19.49m, with operating profit at £3.61m (£2.12m). Earnings came to 16.18p (9.78p) per share after tax £1.41m (£731,000) and minority loss £68,000 (profit £22,000).

● comment

Big Bang skewed Alphameric's profits away from their normal second half bias — as a result the 70 per cent annual profits growth conceals much less impressive half-year on half-year growth. However, Alpha's order book helps belie the fear that its progress is slowing—the big order from Coral will help growth to be more evenly spread across the three divisions this year. In the medium term, the company has high hopes for Data Broadcasting, which transmits information on the unused part of TV signals, and clearly expects substantial benefits from the acquisition of Real Time Developments, which moves it into local area networks. Assuming the company can continue its (highly commendable) long term annual growth rate, £5m pre-tax looks within reason this year; that makes the prospective p/e at 413p look daunting at 19, but some would argue that the correct comparison for Alphameric's shares is Reuters, currently standing on a prospective of over 30.

Harrison rises to £2.9m

Harrison Industries, industrial holding company, produced record results in the year ended March 31 1987, and said it remained confident of future growth.

Turnover of the group, which makes industrial doors, industrial castings, power transmission equipment and domestic garage doors, lifted its turnover by 14 per cent, from £21.8m to £24.95m, and pre-tax profit by 23 per cent, from £2.36m to £2.91m.

That reflected increased profits in all divisions, the directors stated. The current year had started well throughout.

During the year a foundry was built in Derbyshire, a door hardware business acquired for cash, and at the year-end a specialised steel foundry was purchased.

Earnings were 16.48p (13.47p) and the final dividend is 3.9p for a net total of 5.75p. The company came to the stock market a year ago.

Gold Greenlees hits £2.4m

Gold Greenlees Trott, a London advertising agency, yesterday announced a near £1m rise in 1986-87 profits and its first acquisition since obtaining a full listing just over 14 months ago.

For the year to April 30 turnover surged from £31.47m to £47.65m and profits from £1.47m to £2.41m pre-tax.

After tax of £932,000 (£636,000) earnings per 5p share emerged at 17p (10.25p). A final dividend of 2.8p makes a total of 4p—1p was paid previously.

The directors said they were confident that investment in new business activity would continue to bear fruit in the coming year.

The corporate development programme had taken its first step via the proposed acquisition of Option One, an independent company in sales promotion and direct marketing. Initial consideration, either in cash or shares or a mixture of both, amounts to £1.46m.

Additional payments of up to £5.7m are dependent on Option One's profits in each of the years to end-April 1991.

Overseas progress lifts French profit 78%

Elimination of losses overseas helped Thomas French, a curtain tape manufacturer and distributor of floppy disks, to boost pre-tax profits by 78 per cent from £454,000 to £808,000 in the six months to March 28 1987. Turnover moved ahead slightly from £13.31m to £13.63m.

Mr Thomas French, chairman, said that the increase in profits had been achieved despite a downturn in electronics. The company declared an unchanged interim payment of 1.15p.

Mr French also revealed that a new agreement had been reached for the sale of the company's South African subsidiary which he believed would allow for a more satisfactory withdrawal from that country.

He said that French had consolidated the recovery in profits seen in the second half last year. In the year ended September 27 1987 the company made £1.24m before tax on turnover of £26.23m.

A return to a normal tax charge had benefited the earnings. These rose from 0.48p to 4.49p after tax of £286,000 (£372,000). Last year French paid a final dividend of 1.725p, making 2.875p.

Cape Industries shows sharp increase to £5.5m

Cape Industries, which is involved in the manufacture of building products and industrial contracting, boosted pre-tax profits from £3.33m to £5.55m—67 per cent—in the year to March 31 1987. Turnover during the period fell from £137.15m to £128.81m.

The directors propose paying a final dividend of 2.5p (2p), making a total of 3.5p (2p) for the year.

Mr Jeff Herbert, chairman, said the company would strive to achieve growth. He stressed that this would be determined by activity within the building and contracting industries and noted that the 15 per cent return on capital employed in these areas was the highest in 14 years. Nevertheless there was still scope for further improvement.

He reported that the company has made a satisfactory start to 1987: many of the subsidiaries had good order books and in those areas where past returns had been disappointing, the actions Cape had taken were beginning to show results.

The building products division had another excellent year with operating profits moving up from £6.47m to £7.8m on turnover up £3.7m at £59.99m.

Industrial services experienced difficult market conditions but rationalisation allowed the division to double operating profits to £1.02m (£511,000) on turnover down from £81.85m to £70.38m.

Compensation payments for industrial disease remained at £1.45m and tax took £532,000 (£382,000). Basic earnings rose from 8p to 14.1p, or 9.5p (5.9p) on a fully diluted basis.

Mr Herbert also reported that capital and reserves had risen to £36m (£32.8m) and net borrowings had been cut from £12.8m to £3.7m.

Cash and carry side lifts Watson & Philip 60%

ITS CASH and carry division was the main contributor to the 60 per cent improvement in pre-tax profits at Watson & Philip in the half year to May 1 1987.

With group turnover up by 21 per cent to £87.92m against £72.56m the pre-tax result rose from £578,000 to £927,000.

The directors of this Dundee-based food distributor are lifting the interim dividend by 0.3p to 2.3p. For the year ended October 1986 a 6.8p total was paid when the pre-tax result reached £1.66m.

Commenting on the results Mr James Hadden, the chairman, said the improvement which had started in March was continuing. The group continued to seek opportunities to expand and faced the remainder of the year with confidence.

The improvement in the cash and carry division, with trading profits of £727,000 against £466,000, reflected the additional contribution from the J. W. Smalley acquisition which was well up to expectations. Benefits from the Kilmarnock extension, opened mid-November, were also coming through.

Catering contributed a lower £34,000 (£65,000), retail fell to £47,000 (£56,000) and imports/exports to £44,000 (£70,000). The delivered grocery side improved from £146,000 to £153,000.

After tax of £343,000 (£238,000) earnings per 10p share worked through at 4.7p (3.5p).

London & Clydeside

London & Clydeside Holdings USM-quoted housebuilder and property developer, incurred a £119,000 pre-tax loss for the six months to March 31, against profits of £325,000 last time.

Directors said full-year profits might fall from the 1986 figure of £1.74m but decided to maintain the interim dividend at 1.7p as they remained confident for the future.

The sales rate should start to increase at the year-end, they said.

Turnover rose from £6.1m to £6.4m. Operational profit fell from £676,000 to £221,000 and net interest payments fell to £340,000 (£351,000). After a tax credit of £42,000, (£122,000 charge) loss per share worked out at £0.8p, against 2.2p earnings.

Platignum purchases

Platignum has agreed to acquire Cherry Place and Cheslett Coir for £153,240 cash being the equivalent of their aggregate net assets as at December 31 1986 together with £100,000 in respect of goodwill. The company has also agreed to repay the outstanding loans to Cherry and Cheslett from their previous holding company amounting to £611,619.

The consideration will be paid on June 16 1987, £361,619 of the loans will be repaid on June 23 1987 and the balance of £250,000 on February 29 1988.

Platignum also announced yesterday that it was in discussions with Ouvah Highfields, an over-the-counter traded company, about the possibility to acquire Ouvah.

BOARD MEETINGS

TODAY

Interims: Countryside Properties, FII Group, London Scottish Finance, Lookers, Y. J. Lovell.

Finals: Anglo United, British Gas, Haslemere Estates, London Investment Trust, Magnet and Southerns, Oxford Instruments, Christian Salvesen, John Waddington.

FUTURE DATES

Interims—

Burns-Anderson	June 22
Kode International	July 3
Lloyds Bank	July 24
Macarthy	June 25
Theme Holdings	June 29

Finals—

Bristol Evening Post	July 6
Marston Thompson and Evershed	June 26
Michael (John) Design	June 29
Robertson Research	July 2
Rothmans International	June 26
Russell (Alexander)	July 9

COMMODITIES AND AGRICULTURE

Chicago grain markets retreat

By David Owen in Chicago

GRAIN AND oilseed prices slipped back yesterday at the Chicago Board of Trade, with analysts describing Monday's sharp weather-related gains, *which pushed* new crop soya bean and soya bean meal contracts to lifetime highs, as "a bit exaggerated."

By mid-morning, November soya beans were down 10 cents a bushel at $6.13. December maize, *meanwhile, had slipped* 2½ cents a bushel to $2.09¼.

Despite the retreat, analysts described current trader fears as better substantiated than those which boosted prices in the wake of record high mid-West *temperatures* in the planting season in early May.

"This time it is a real crop scare," said Ms Katharina Zimmer, a New York-based analyst with Merrill Lynch. "Right now the hot weather probably hasn't damaged crops very much," she added. "But if the current regime persists for two to three weeks it will be a different story." "It is very dependent on the weather," agreed Ms Eli Frymire of Chicago's Stotler & Co.

While the huge stockpiles accumulated over recent years mean that in Ms Zimmer's words, "we could basically not have a crop at all and still have enough maize," any significant damage to soya bean yields may trigger further *price gains*, observers feel. "The bean situation is very different to maize," according to Ms Frymire.

Meteorologists are projecting a slight decline in temperatures *and some rainfall in the grain* belt over the next five days.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,360-2,410 (2,400-2,430).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 3.10-3.20 (3.10-3.25).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 1.53-1.60 (same), sticks, 1.53-1.60 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.65-6.90 (6.75-6.97).

MERCURY: European free market, min, 99.99 per cent, $ per flask, i n warehouse, 255-265 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.68-2.75 (2.75-2.86).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 5.50-5.60 (5.40-6.25).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 48-55 (same).

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif, 2.55-2.60 (same).

URANIUM: Nuexco exchange value, $ per lb U_3O_8, 17.00 (same).

EC digs in its heels on farm price package

BY TIM DICKSON IN LUXEMBOURG

THE European Commission *yesterday effectively dug in its* heels during the crucial farm price talks in Luxembourg, increasing speculation that Ministers will be unable to agree a package before the EC summit at the end of this month.

Mr Frans Andriessen, the EC's Farm Commissioner, formally unveiled the Commission's first compromise proposals but on his own admission they differ little from the ideas already put forward by the Belgian Presidency and key parts of which have already been greeted with hostility by a majority of member states.

Mr Andriessen said that the *changes to the Commission's* original price package outlined yesterday would add an extra Ecu 820m (£570m) to the Community budget and reduce the savings he had earlier hoped to achieve from Ecu 1.1bn to just Ecu 280m.

"There is a very worrying budgetary situation and there is just no more room for manoeuvre," he added.

Overspending on agriculture is already projected by the Commission to be Ecu 4bn *above target this year assuming* that the latest reforms are approved. Mr Andriessen insisted that the Community had to maintain the "globality" of the proposals and that "the essential elements" were the reform of the agri-monetary system, the measures to control oilseeds production and the oils and fats stabilisation mechanism, and the changes in EC support for the cereals sector.

In a clear warning to those member states wanting changes to existing monetary compensatory amounts (MCAs) without fundamental reform of the system or price restraint in the *oils and fats sector without* the stabilisation mechanism, he insisted that the parts of the package were not indivisible.

The main significance of yesterday was that the Commission has broadly put its *name to ideas with which it* was known to be closely associated but which had previously gone out as a paper presented by Mr Paul de Keersmaeker, the Belgian Minister of Agriculture and chairman of the Farm Council. Mr de Keersmaeker's *last paper implied* additional costs of Ecu 800m.

Disappointingly for Britain, which cherished hopes that it might be dropped, Mr Andriessen has kept the oils and fats stabilisation mechanism (or tax). He has also largely retained the alterations to intervention buying in the cereals sector proposed by Mr de Keersmaeker.

There are some small changes in the passage on MCAs, including slightly slower dismantlement of positive MCAs for West Germany and the Netherlands which would imply slightly less painful price cuts for West German farmers. It was immediately clear, however, that the intransigent stance of Mr Ignaz Kiechle the West German Farm Minister to this part of the package had not changed.

The main interest for Britain was the 5 percentage point dismantlement of MCAs in all sectors *except for beef and veal* where it would be 6.5 per cent. This will increase Community farm prices to British farmers but is unlikely to be enough to satisfy Mr John MacGregor, the new Farm Minister.

Fish quota challenge fails

BY TIM DICKSON

A DUTCH fisherman has lost a key test case in the European Court of Justice aimed at challenging the European Community's system of fish quotas.

Judgment was delivered in Luxembourg yesterday against *Mr Albert Romkes, who initially* had complained to a court in the Netherlands that he was forced under Community rules to stop fishing for North Sea plaice when the total annual catch (TAC) for the species had *not* been exhausted. The case had been referred upwards by the Dutch court.

The complaint goes to the heart of what the Dutch in particular see as a flaw in the quota regime, one of the principal conservation instruments of the Common Fisheries Policy (CPF). *This involves the setting* of a total annual catch for threatened species for all member states which are then split up into individual components for each country.

Fishermen, however, must not go over their country limit regardless of whether the quotas in other member states have been used up (which they eometimes are not).

The European Commission has consistently maintained that such underfishing is often deliberate and leads to quota swaps. But there is also undisguised irritation in Brussels that reports regularly reveal the Dutch as persistent overfishing offenders.

This impression was in no way removed by a recent report by the Dutch Parliament implying that senior government officials *in* The Hague have been aware of the goings-on in the so-called "grey" market whereby catch figures are deliberately understated to keep within Community limits.

Yesterday's judgment, welcomed by the Dutch Fisheries Minister Mr Gerrit Braks, wholeheartedly supports the EC rules as set out in Council regulation 1/85. The verdiot points out that the original TAC in question in 1984 had been raised during negotiations to appease the Dutch despite biological evidence to the contrary.

Indonesia plans sugar production increase

BY JOHN MURRAY BROWN IN JAKARTA

INDONESIA, one of the world's high-cost sugar producers, aims to increase output over the next two years to maintain sslif-sufficiency, Sir Achmad Affandi, the Agricutture Minister, said yesterday.

Production would rise to 2.4m tonnes in 1988, compared with an expected sugar crop this year of 2.2m tonnes, he said. Annual consumption is around 2m tonnes.

Self-sufficiency in sugar has in the past been achieved through heavy use of fertiliser subsidies and cheap credit to farmers, 75 per cent of whom are smallholders. Those costs have been passed on to consumers in higher prices.

As from June 1 the National Logistics Agency, which controls all stages of the industry from canegrowing to retail sales, set its ex-factory price for sugar at Rp 580 (35 US cents) per kg. That is more than four times the price prevailing on world markets. A team of British consultants is now in Jakarta advising on policy.

The World Bank in its latest confidential report estimates that Indonesia loses $125 per tonne on sugar at current exchange rates, or more than $250m on an annual basis.

The bank is urging the Government to improve the allocation of rural financial resources. Sugar, which accounts for only 3 per cent of the value of total crop production, has until now received more than 20 per cent of the outstanding credits to agriculture. At the end of last year these totalled Rp 1,400bn.

Strike hits Indian jute exports

By P. C. Mahanti in Calcutta

INDIAN JUTE exports have been hit by industrial action being taken by boatmen whose barges carry jute goods from mills to ships in the port of Calcutta.

The action, which began as a go-slow, escalated into a full-scale stoppage at the weekend. India has now been unable to export jute goods for more than a month, and manufacturers and exporters are becoming increasingly worried about the effects of the action on their long-term business.

The Indian Jute Mills Association has been trying to divert gods by road to the container port of Haldia, which lies further down the Hooghly River from Calcutta. The association has asked the state government to provide police protection

Storms in Brazil's coffee cup

Ann Charters talks to Jorio Dauster, president of the Brazilian Coffee Institute

BEING PRESIDENT of the Brazilian Coffee Institute (IBC) is not everyone's cup of tea. The IBC president is at the centre of one of the world's busiest commodity markets — and perhaps the most contentious.

Mr Jorio Dauster, the present incumbent, does not expect the job to bring him popularity. "If the various coffee sectors are reasonably satisfied, that is enough," he says.

As the chief policymaker for the world's biggest coffee industry *Mr Dauster* is under pressure domestically and *internationally* on *Brazil's* export strategy. "I'd be the happiest man in the world leaving Brazilian coffee export registrations open 30 days a month," he says. "Sellers and buyers would like to be in the market every day."

So far this season, however, the IBC's monthly export allotments have generally been snapped up within a single day as traders have rushed to secure their shares of the relatively rich pickings on the overseas market.

The IBC's guarantee price of 2,650 crusados a bag (60 kgs) sets a floor in the domestic market, but the real value of the guarantee has been eaten away by the country's galloping inflation. A month ago it worked out at $93 but already it is down to about $65.

Mr Dauster is keen to correct this situation but he will need the co-operation of the coffee trade and help from the Government's financial planners.

Meetings with the National Coffee Council, a representative group from the coffee industry, started last Tuesday as part of an IBC effort to put into place a new crop for the 1987-88 coffee year to start July 1. The intention is to hammer out a realistic guarantee price with some degree of indexation to correct for inflation.

At the meeting Mr Jaime Miranda, the Council's President, argued for a minimum coffee price of $88 per bag, linked to monthly corrections of the country's Treasury bills. Mr Miranda said the figure was an average of "real" domestic guaranteed coffee prices over the last 10 years, with the exception of this year, which he said showed an unusually large variation.

Once there *is* a variable in the Brazilian coffee price formula, the IBC expects the market to be more stable, permitting peggings and longer term policies. Then it will be necessary that the country's inflation be accurately reflected in the exchange rate to keep prices competitive and Brazil selling coffee.

Of course, any level of price guarantee is only effective if the IBC has the resources to back it up. This year, within two-and-a-half months, the Institute purchased 4m bags, with funds gained, in large measure, from the "contribution quota" (export tax now at 27 per cent.

The contribution quota, in Mr Dauster's view, is an extremely important component in the domestic and international price of coffee. If the IBC had not recently raised the quota, coffee revenues would have left the country through the "Portuguese cambia," he says. That is the perjorative term for dealings on the black market to earn dollars with which to pay rebates to buyers of coffee purchases at high official prices.

If that had happened, the IBC would have been forced to take "undesirable measures" to protect its credibility, Mr Dauster says. But he declines to specify what these measures might have been.

Credibility has also been lost in the past because coffee export registrations were cancelled. Mr Dauster says, however, that registrations are the only tool the IBC has to regulate real sales to the world market.

The recent tough stance of the IBC in requiring half of the contribution quota to be paid in cash up-front after registration generated $40m.

Shipments of coffee so far this season have surpassed 6m bags with another 3.8m registered and still to ship. The IBC allows an extension of the shipping period into the month after registration to move the *coffee out. This year this prac*tice has been particularly necessary to recover sales and make up for weeks when strikes colsed Brazilian ports.

The shipments include arabica and robusta cofffe that the IBC needs in Europe *to* start rounds of coffee auctions required to pay the 18 European companies that purchased $150m worth of robusta coffee for the Institute last September. Mr Dauster says that getting the auctions of the 630,000 tonnes of coffee underway plus more stock to sell to meet additional brokerage, storage and financing charges on the coffee has taken a bit longer than he hoped, but that they would take place "as soon as possible."

That timing also applies to other problems Mr Dauster plans to tackle. He says the coming International Coffee Organisation meetings on the re-establishment of coffee quotas were "not a priority of the IBC." There is no basic change in Brazil's refusal to accept a permanent reduction in its 30 epr cent market share under the quota system, he insists.

"The contribution quota of 27 per cent on export sales *shows how efficient* Brazil is as a producer and how much a competitive margin exists."

Mr Dauster believes it would be "crazy" to accept a reduction in the yquota given the country's needs for foreign currency and the number of jobs dependent on coffee.

More important, in *Mr* Dauster's view, are pressing domestic issues. These include fraud within the Institute, involvement of the National Coffee Council in the formulation of coffee policies and the *IBC's warehouse policies, which* need to be updated.

Mr Dauster would like to see Brazilian coffee traded on international futures exchanges through a revival of the "B" contract in New York and *acceptance of Brazilian conil*lons on the London exchange. He says the best way to be sure there is not a return of "special contracts"—the roasters or price-fall guarantees is to accept connillons at the London terminal. "It's the old question of which comes first the chicken or the egg in how to make Brazilian coffee freely traded."

A domestic trading option could emerge first.

If Brazil decides to allow foreign capital in the stock market as is currently under discussion, then perhaps that mechanism could serve for coffee contracts as well, in Mr Dauster's view.

LONDON MARKETS

THE LONDON Metal Exchange copper market main*tained* its recent firm tone yesterday with Grade "A" metal edging to fresh highs in spite of sterling's firmness against the dollar. The cash position added £1 to Monday's £9 advance to close at a 14-month high of £976 a tonne. Meanwhile low stock levels continued to buoy up prices for standard grade copper and the cash price, which had risen £19.50 on Monday, *gained another £9.25 to close* at £967.75 a tonne. In the soft commodity market cocoa prices broke out of the recent doldrums with the September futures position registering a £30 rise to *£1,254.50* a tonne. Dealers said continued buying on behalf of the International Cocoa Organisation's buffer stock and drier weather in West Africa had contributed to a bullish swing in *senti*ment *following Monday's fall* to fresh four-year lows. In contrast September coffee futures ended £30 down at £1,288.50 a tonne, the lowest level for about 5½ weeks. Dealers commented that *speculative interest had* all but evaporated following the lacklustre performance of the market in the last few weeks. Only a Brazilian frost was likely to bring them back to the market, one dealer *suggested*.

INDICES

REUTERS

June 16	June 15	M'th ago	Year ago
1620.2	1616.6	1538.8	1535.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	June 16	June 12	M'th ago	Year ago
Spot	130.73	129.86	—	124.06
Fut	128.62	128.16	—	112.92

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	June 16 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1610/630	+10	$1590/620
Copper			
Cash Grade A	£976	+1	£907
3 months	£967.75	+2.25	£884.75
Gold Troy oz	$452.75	+3	$470
Lead Cash	£372.5	−4.5	£444.5
3 months	£354.5	−4	£386.5
Nickel			
Free Mkt	207/227c	+3	205/213c
Palladium oz	$138.50	+0.5	$151.25
Platinum oz	$583.25	+7.25	$619.50
Quicksilver†	$250/260		$265/275
Silver troy oz	467.05p	+9.25	540.55p
3 months	477.20p	+9.45	551.60p
Tin			
free Mkt	£4120/150	−20	£4990/120
Tungsten	$58.16		$51.47
Wolfram 22.0lb	$48/55		$50/55
Zinc	£557	−10	£502.5
3 months	£532	−4.75	£497.5
producers	$843		$780/840
OILS			
Coconut (Phil)	$476z	+35	$410
Palm Malayan	‡		$345
Seeds			
Copra (Phil)	$290.5y		$285
Soyabean (U.S.)	$154.5	−4	$146
GRAINS			
Barley Fut. Sept	£97.00	+0.85	£98.30
Maize	£153.00		£149.00
Wheat Fut. Sept	£99.60	+0.25	£122.35
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1254.5	+30	£1266.5
Coffee Ft. Sept	£1288.5	−30	£1331
Cotton A Ind.*	68.35c	+0.9	76.55c
Gas Oil Aug.	$158.25	+0.25	$153
Rubber (kilo)	62.5p	−1.25	63p
Sugar (raw)	$174x	+5	$177
Wooltops 64s	487p kilo		481p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. v July. z June/July. x July/Aug. y Aug.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1575-6	−1	1582/577

Official closing (am): Cash —— (——), three months 1,576-7 (1,578-9), settlement —— (——). Final Kerb close: 1,578-80. Turnover: 1,100 tonnes.

99.5% purity	£ per tonne		
Cash	913-5	−5	—
3 months	899-900	−6	906/892

Official closing (am): Cash 914-5 (same), three months 897-8 (898-9), settlement 915 (same). Final Kerb close: 900-0.5. Turnover: 11,850 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or —	High/Low
Cash	975-7	+1	975/975
3 months	967.5-8	+2.25	960/965

Official closing (am): Cash 975-6.5 (975-6), three months 957-7.5 (955-5.5), settlement 976.5 (976). Final Kerb close: 955.5-6.

Standard			
Cash	965-70	+9.25	—
3 months	932-4	+2	—

Official closing (am): Cash 960-5 (952-5), three months 932-4 (930-32), settlement 065 (955). US Producer prices 74-78.5 cents a pound. Total Turnover: 56,850 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	372-3	−4.5	374
3 months	354-5	−4	363/352

Official closing (am): Cash 372-3 (378-9), three months 354-5 (358.5-59.5), settlement 373 (379). Final Kerb close: 356-7. Turnover: 6,860 tonnes. US Spot: 24-37 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2775-80	+12.5	—
3 months	2815-20	+80	2825/800

Official closing (am): Cash 2,775-80 (2,731-5), three months 2,809-10 (2,750-5), settlement 2,780 (2,735). Final Kerb close: 2,796-805. Turnover: 672 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	556-8	−10	554
3 months	531.5-2.5	−4.75	633/531

Official closing (am): Cash 553-4 (566-8), three months 531-1.5 (536-7), settlement 554 (568). Final Kerb close: 531-2. Turnover: 6,975 tonnes. US *Prime Western: 45.5-48.5 cents a pound.*

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
	—	—		—	
	—	—		—	
		July	Sept.	July	Sept.
Aluminium 99.5%	1,475	—	—	17	46½
	1,500	34	36½	27½	60
	1,525	25½	28	—	—
Copper (Grade A)	1,575	—	—	36	48
	1,600	31½	30½	58½	62½
	1,625	32	33	—	—
	£/tonne				
Copper (Grade A)	950	—	—	8½	21½
	975	19	21½	18½	34½
	1000	9½	13½	—	—

Estimates.

TIN

KUALA LUMPUR TIN MARKET—Close: 18.59 (16.60) ringgit per kg. Down 0.01.

GOLD

GOLD BULLION (fine ounce)	June 16	
Close	$452½-453	(£276½-277)
Opening	$452¾-453¼	(£277¼-277¾)
M'n'g fix	$452.75	(£276.945)
Aft'n'n fix	$452.75	(£276.943)
Day's high	$452½-453	—
Day's low	$447½-448	—

GOLD AND PLATINUM COINS

Am Eagle	$465-470	(£284½-287½)
Mapleleaf	$465-468	(£284½-286¼)
Kr'g'r'nd	$452-455	(£276½-278¼)
½ Krug	$237½-238½	(£145¼-145¾)
¼ Krug	$119-120	(£72¾-73½)
Angel	$462½-465½	(£282¾-284¾)
1/10 Angel	$46-50	(£27½-30½)
New Sov.	$106-107	(£64¾-65½)
Old Sov.	$106-107½	(£64¾-65¾)
Noble Plat	$602-612	(£368¼-374¼)

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 99.47p per kg lw (+1.20). GB—Sheep 206.16p per kg est dcw (−20.73). GB—Pigs 79.00p per kg lw (−0.26).

FUTURES—Pigs: June 99.50. Sales: 8. SHDRLU⁸ᵤ.0 ETHT ET HT SH SH HMH

SILVER

Silver was fixed 9.25p an ounce higher for spot delivery in the London bullion market yesterday at 467.05p. US cent equivalents of the fixing levels were: Spot 766.9c, up 17c; three-month 780.4c, up 17.3c; six-month 794.2c, up 17.6c; and 12-month 824.1c, up 18.6c. The metal opened at 468-471p (765-769c) and closed at 465-468p (761-765c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	467.05p	+9.25	467.5p	+6
3 months	477.20p	+9.45	477.5p	+6.5
6 months	486.75p	+9.45	—	—
12 months	506.90p	+10.0	—	—

LME—Turnover: 5 (1) lots of 10,000 ounces.

Three months high/low 479p, final kerb 476-9p.

COFFEE

Robustas made the opening levels due of £30 down after a sharply lower close in New York, reports Drexel Burnham Lambert. Initial long liquidation pushed the market lower but prices were supported with commission house buying and trade price-fixing. The afternoon remained mixed.

COFFEE	Yesterday close	+ or —	Business done
July	1265-1268	−35.0	1280-1260
Sept	1288-1289	−30.0	1292-1276
Nov.	1307-1309	−29.0	1310-1395
Jan	1325-1329	−30.5	1328-1315
Mar.	1345-1355	−31.5	1360-1335
May	1355-1370	−32.5	1370-1365
July	1360-1380	−35.0	1370

Sales: 4,088 (2,488) lots of 5 tonnes. ICO indicator prices (US cents per pound) for June 15: Comp. daily 1979 102.78 (104.63); 15-day average 106.56 (107.23).

COCOA

Futures steadied £25-30 during active trading. Fresh commission house buying, fuelled by rumours of dry weather in the cocoa growing areas, and short-covering were evident. The buffer stock again purchased 5,000 tonnes, bringing the total to 63,000 tonnes, *reports Gill and Duffus.*

	Yesterday's close £ per tonne	+ or —	Business done
July	1274-1275	+30.0	1275-1255
Sept	1254-1255	+30.0	1265-1235
Dec	1274-1275	+25.0	1276-1256
March	1295-1297	+25.0	1300-1282
May	1313-1316	+31.5	1315-1302
July	1331-1333	+24.5	1343-1322
Sept	1349-1352	+23.5	1345-1341

Sales: 3,877 (4,048) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for June 16: 1,552.94 (1,517.92); 10-day average for June 17: 1,516-16 (1,515-65).

FREIGHT FUTURES

The trading range remained narrow throughout the day and volume was light. Support was seen at the low end of the range. A rumour of Soviet interest emerged but attracted little or no market interest, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	846	851/840	849/853
Oct.	930	930/925	930
Jan.	925/937	935/925	936/945
Apr.	990	990	990/1020
July	825/880	—	850/890
Oct.	905	—	900
Jan.	950	—	970
April	980	—	990
BFI	996		973.5

Turnover: 203 (95).

GRAINS

Old crop wheat drifted from unchangel levels on shipper/broker selling reflecting lack of compounder demand. New crops bounced after early losses on expectation of a bullish compromise on EC farm price proposals, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
July	117.95	−0.10	—	—
Sep.	99.60	+0.25	97.00	+0.05
Nov.	101.85	+0.25	99.40	—
Jan.	104.60	+0.25	101.80	—
Mar.	106.90	+0.30	103.95	+0.05
May	109.60	+0.10	105.80	—
July	111.55	—	—	—

Business done—Wheat: July 118.05-7.85, Sept 99.35-9.25, Nov 101.90-1.45, Jan 104.60-4.20, March 106.90-6.50, May 109.60-9.35, July 111.40-1.30. Sales: 248 lots of 100 tonnes. Barley: Sept 97.00-6.65, Nov 99.40-9.15, Jan untraded, March 103.75, May untraded. Sales: 34 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: July and Aug 94.75, Sept 95.00. US No 2 Soft Red Winter: July 87.00, Aug 88.25, Sept 90.25. French 11½-12 per cent: June 143.00. English feed, fob: July 121.00-122.50, Sept 101.00-102.00, Oct/Dec 104.75-105.50, Jan/March 99.00-99.50 buyer/sellers. Maize: US No 3 Yellow/French, transhipment East Coast spot 153 00. Barley: English feed, fob: Aug 99.00, Sept 100.50 selers, Oct/Dec 103.00/103.50 buyer/sellers, Jan/March 107.50 seller.

US MARKETS

LATE TRADE and local selling in the precious metals in response to a firming US dollar touched off stops to take prices to the lows where loca l short-covering was noted. Crude oil futures remained steady throughout the day on trade and commission house buying. Cocoa futures steadied on *short-covering.* Coffee firmed on price-fix buying. Sugar futures fell on trade selling and commission house stops before recovering on local short-covering. Cotton eased on trade selling despite commission house buying. Cattle futures eased initially on bearish interpretations of the cattle-on-feed report but as fundamentals reasserted themselves the market rallied on short-covering and fresh buying forward months making new contract highs. The pork bellies and hog futures eased initially in response to cattle, but negative fundamentals coupled with spread selling against the cattle accelerated the decline. In the brains wheat futures were quiet, but easiers. Maize futures rallied on commission house buy stops, commercial involvement was two-sided. In the soyabean complex local long liquidation coupled with commercial selling and profit-taking eased prices across the board.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
June	74.90	74.70	—	—
July	73.10	72.90	73.50	73.50
August	71.25	71.05	—	—
Sept	70.60	70.30	70.75	70.50
Dec	69.90	69.50	69.80	69.60
Jan	69.90	69.50	—	—
March	69.90	69.50	—	—
May	69.90	69.50	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	1868	1842	1876	1855
Sept	1899	1877	1910	1887
Dec	1920	1901	1930	1912
March	1952	1933	1962	1943
May	1982	1963	1995	1985
July	2010	1989	—	—
Sept	2040	2018	2042	2038

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
June	70.80	71.00	70.85	70.85
July	70.80	71.00	71.00	69.90
August	70.40	70.50	—	—
Sept	69.95	70.00	70.25	69.05
Dec	69.30	69.35	69.50	68.40
Jan	69.20	69.25	—	—
March	69.00	69.05	69.10	68.10
May	69.05	69.10	69.00	68.50
July	69.05	69.10	68.70	68.70
Sept	69.10	69.15	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
July	75.82	77.75	78.59	75.75
Oct	72.85	74.75	75.00	72.75
Dec	70.59	72.92	72.99	70.93
March	71.48	73.36	73.60	71.40
May	71.85	73.50	73.75	71.95
July	72.00	73.58	72.85	72.50
Oct	67.60	69.00	67.60	67.60

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
July	20.23	20.06	20.26	20.06
Aug	19.86	19.77	19.90	19.76
Sept	19.66	19.59	19.68	19.76
Sept	19.66	19.59	19.69	19.57
Oct	19.57	19.49	19.59	19.48
Nov	19.50	19.40	19.50	19.38
Dec	19.43	19.33	19.44	19.32
Jan	19.36	19.27	19.36	19.28
Feb	19.30	19.21	—	—
March	19.30	19.16	19.30	19.17
April	19.12	19.11	19.12	19.12

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
June	447.9	452.6	453.5	447.5
July	449.2	453.9	—	—
August	451.9	456.7	458.0	451.5
Oct	457.2	462.0	463.5	456.5
Dec	462.5	467.3	468.8	462.1
Feb	468.1	472.9	473.5	473.0
April	473.7	478.5	478.7	478.7
June	479.6	484.4	485.0	484.0
August	485.8	490.6	490.5	488.5
Oct	492.1	496.9	497.3	497.3
Dec	498.4	503.2	501.0	501.0
Feb	504.8	509.6	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
June	749.9	765.7	765.0	765.0
July	752.0	768.0	771.0	748.0
August	756.8	773.0	772.5	772.5
Sept	762.0	778.5	782.0	760.0
Dec	777.0	793.5	797.0	773.0
Jan	782.0	798.5	—	—
March	792.0	808.5	—	—
May	802.5	819.0	820.0	820.0
July	813.5	830.0	835.0	810.0

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
July	106.76	108.25	108.25	106.75
Sept	108.65	108.60	110.10	108.36
Dec	111.61	111.27	112.50	111.00
March	113.75	113.30	114.00	113.01
May	115.51	116.00	115.50	115.10
July	117.61	118.00	—	—
Sept	118.51	118.13	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
July	52.60	52.38	52.75	52.20
August	53.05	52.88	53.20	52.70
Sept	53.70	53.51	53.80	53.40
Oct	54.40	54.25	54.50	54.15
Nov	55.20	54.85	55.20	54.95
Dec	55.70	55.60	55.90	55.40

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
July	133.35	133.80	133.80	133.10
Sept	127.95	128.60	128.40	127.90
Nov	124.25	124.75	124.65	124.20
Jan	123.10	123.35	123.40	123.00
March	123.10	123.25	123.40	123.00
May	123.10	123.35	—	—
July	123.10	123.35	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
July	576.7	588.4	588.5	574.0
Oct	584.7	594.5	596.5	583.8
Jan	591.4	601.1	601.0	592.0
April	598.2	607.9	608.5	604.0
July	605.5	615.2	615.0	615.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
July	6.69	6.82	6.79	6.57
Sept	6.97	7.12	7.15	7.05
Oct	7.13	7.22	7.20	7.06
Jan	7.30	7.39	—	—
March	7.55	7.66	7.64	7.47
May	7.71	7.80	7.78	7.70
July	7.82	7.95	7.91	7.82
Oct	8.00	8.09	8.03	7.97

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
June	68.60	69.02	68.80	67.75
Aug	63.25	63.32	63.60	62.05
Oct	61.70	61.82	61.90	60.75
Dec	63.65	63.40	63.80	62.65
Feb	64.05	63.75	64.70	63.00
April	64.97	64.35	65.10	63.65
June	64.00	63.70	64.00	63.50

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
June	62.27	63.37	63.15	61.87
July	58.45	59.27	59.00	57.77
Aug	53.30	54.20	54.10	52.70
Oct	44.75	45.65	45.50	44.15
Dec	44.57	45.45	45.30	44.05
Feb	43.85	44.30	44.25	43.20
April	41.10	41.90	41.75	40.90
June	43.15	43.65	43.15	42.80
July	42.90	43.30	43.30	42.90

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
July	202.2	197.4	202.6	137.0
Sept	207.2	204.2	208.0	202.0
Dec	214.6	211.6	216.0	208.2
March	221.4	219.6	222.6	216.0
May	223.0	222.4	225.4	219.2
July	224.0	223.6	226.4	220.6
Sept	221.4	222.0	—	—

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
July	76.75	78.40	78.25	76.40
Aug	74.52	76.17	75.95	74.17
Feb	60.87	61.40	61.45	59.60
March	60.35	61.10	61.10	59.50
May	61.40	61.50	61.90	60.65

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
July	596.0	602.6	603.4	594.4
August	603.6	606.2	609.0	600.2
Sept	607.0	614.2	614.0	605.0
Nov	617.0	623.0	624.4	613.0
Jan	626.4	631.6	633.0	621.4
March	634.4	641.2	642.4	631.2
May	643.2	649.0	650.0	637.4
July	644.0	649.0	650.4	641.0
August	640.0	646.0	644.0	640.0

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
July	190.2	194.3	194.2	190.0
August	189.7	192.2	193.0	188.5
Sept	191.5	193.0	193.0	189.5
Oct	191.2	193.2	194.0	190.5
Dec	194.0	195.7	195.7	192.5
Jan	194.2	197.0	196.5	193.5
March	197.7	199.0	198.0	198.0
May	197.7	199.0	198.0	196.0
July	197.7	198.0	197.5	198.0
August	197.7	198.0	197.5	198.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
July	17.11	17.26	17.32	17.07
August	17.33	17.47	17.53	17.28
Sept	17.55	17.70	17.78	17.50
Oct	17.75	17.91	17.98	17.65
Dec	18.13	18.29	18.40	18.02
Jan	18.21	18.37	18.49	18.20
March	18.57	18.72	18.81	18.50
May	18.80	18.97	18.90	18.80
July	19.05	19.15	19.05	19.05

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
July	272.2	275.6	274.4	269.0
Sept	277.4	281.0	280.0	275.4
Dec	287.2	289.6	289.6	285.0
March	290.0	292.0	292.0	287.4
May	283.4	285.0	285.0	281.0
July	273.0	275.0	277.0	273.0

SPOT PRICES: Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 760.5 (754.5) cents per troy ounce. New York tin 311.0-18.0 (313.0-18.0) cents per pound.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 103.30, S. West 101.30, W. Midlands 103.00, N. West 103.50. The UK monetary coefficient for the week beginning Monday June 22 (based on HGCA calculations using five days' exchange rates) will remain unchanged.

POTATOES

The market was again quiet, lacking any strong direction, and drifted lower in thin trade to close near lows, reports Coley and Harper.

Month	*Yesterday's close*	*Previous close*	*Business done*
	£ per tonne		
Nov	90.40	90.80	90.50
Feb.	99.00	99.50	—
Apr.	129.50	130.30	130.00-129.30
May	143.30	143.50	—

Sales: 151 (323) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.25-17.30	−0.025
Brent Blend	18.80-18.90	+0.075
W.T.I. (1pm est)	20.15-20.20	+0.020
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	199-202	—
Gas Oil	153-155	+1
Heavy fuel Oil	109-112	+0.5
Naphtha	169-171	—

Petroleum Argus estimates.

RUBBER

PHYSICALS — The London market opened lower, found little interest throughout the day and closed quiet and uncertain, reports Lewis and Peat. Closing prices (buyers): Spot 62.50p (63.75p); July 62.50p (63.75p); Aug 62.25p (63.50p). Kuala Lumpur fob prices (Malaysian/Singapore cents) per kg: RSS No 1 246.0; SMR 20 210.0.

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or —	Business done
June	—	—	—
August	141.8-142.0	+1.90	142.5-140.9
October	141.0-142.0	—	142.0-141.5
Dec.	142.8-143.0	−0.25	142.0
Feb.	145.5-147.0	+1.50	—
April	146.5-148.0	+1.50	—
June	145.0-147.0	+2.00	—

Sales: 327 (851) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $174.00 (£106.40), up $3.00 (up $1.80) a tonne for July/Aug delivery. White sugar $183.20, up $2.60.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	151.8-151.4	154.08-154.2	155.8-151.0
Oct	159.4-159.6	161.40-161.6	160.8-158.6
Dec	162.4-164.4	165.00-165.8	164.6
Mar	169.2-169.8	170.80-171.2	170.4-166.0
May	171.5-171.8	174.20-174.6	—
Aug	174.6-175.8	177.60-178.6	—
Oct	178.0-177.8	179.00-180.4	—

Sales: 1,067 (3,484) lots of 50 tonnes.

...Tate and Lyle delivery price for granulated basis sugar was £210.50 (£206.60) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for June 15: Daily price 6.57 (6.38): 15-day average 6.40 (6.42).

PARIS—(FFr per tonne): Aug 1123-1125, Oct 1149-1155, Dec 1169-1180, March 1214-1220, May 1241-1255, Aug 1270-1285.

GAS OIL FUTURES

Month	Yest'rdy's close US$ per tonne	+ or —	Business done
July	156.25	+0.75	156.50-55.50
Aug	159.25	+0.25	158.50-58.00
Sept	160.50	+0.25	161.00-60.25
Oct	163.00	+0.50	163.00-62.50
Nov	165.00	+2.25	165.00-65.00

Turnover: 1,731 (1,746) lots of 100 tonnes.

JUTE

JUTE—June/July, c and f Dundee: BTC $510, BWC $500, BTD $430, BWD $420; c and f Antwerp: BTC $470, BWC $460, BWD $400, BTD $380.

Airport's mobile bank

A MOBILE bank that will tour terminal four at London's Heathrow Airport to exchange foreign currency will be introduced later this month.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar held in tight range

THE DOLLAR was marginally firmer in currency markets yesterday but showed no clear trend. Recent economic figures had given the US unit a boost but this remained insufficient to break through resistance levels.

However with 67 nations apparently determined to try and stop the dollar from falling significantly, it tended to remain within a relatively narrow trading range.

US economic data released yesterday included a larger than expected fall in US housing starts of 2.7 per cent compared with predictions of nearer 1 per cent but this was countered by a 0.5 per cent rise in industrial production which was better than market expectations of a figure nearer 0.3 per cent.

Activity was also inhibited because of a speech to be given by President Reagan after the close of business. The dollar closed at DM 1.8260 from DM 1.8245 and Y144.40 from Y144.75. Elsewhere it finished at SFr 1.5205 from SFr 1.5130 and FFr 6.0975 from FFr 6.09. On Bank of England figures, the dollar's exchage rate index finished at 101.9 from 102.1.

STERLING — Trading range against the dollar in 1987 is 1.6885 to 1.4710. May average 1.6665. Exchange rate index 73.1 against 72.9 at the opening and Monday's close. The six months ago figure was 69.0.

Sterling improved after better than expected PSBR figures. A net repayment of £374m contrasted sharply with expectations of an £800m borrowing requirement. This helped the pound to move up to $1.6350 from $1.6320 and DM 2.9850 compared with DM 2.9775. Against the yen it was slightly easier at Y236 from Y236.25. Elsewhere it finished at FFr 9.97 from FFr 9.9375 and SFr 2.4850 from SFr 2.47.

D-MARK — Trading range against the dollar in 1987 is 1.9305 to 1.7690. May average 1.7887. Exchange rate index 146.5 against 148.60 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 1.8190 compared with DM 1.8240 on Monday. Trading was quiet ahead of today's holiday in West Germany and most dealers were reluctant to open fresh positions. Some parts of the country are also closed tomorrow.

The dollar's softer tone reflected profit taking after a firm response to last week's trade figures. However dealers were unsure as to whether the dollar had reached its base level or whether its recent improvement was a temporary phenomenon.

The dollar closed at DM 1.8220 from DM 1.8245.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. May average 140.55. Exchange rate index 221.3 against 210.6 six months ago.

Trading was again confined to a narrow range in Tokyo and the dollar lost ground as profit taking developed. The latter reflected the dollar's lack of continued upward momentum after its recent improvement.

The effects of last week's trade figures were beginning to wear off and there was nothing else to support the US unit. In addition comments made by Mr Ronald Reagan on the need to revise the US budget process may have been greeted with some disappointment since his comments did not herald any fresh initiative.

The dollar closed at Y143.95 down from Y144.85 in New York and Y144.35 in Tokyo on Monday.

£ IN NEW YORK

June 16	Latest	Previous Close
£ Spot	1.6355-1.6365	1.6300-1.6310
1 month	0.25-0.24 pm	0.26-0.24 pm
3 months	0.66-0.63 pm	0.66-0.63 pm
12 months	1.68-1.58 pm	1.75-1.60 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	June 16	Previous
8.30 am	72.9	73.3
9.00 am	73.0	73.3
10.00 am	72.9	73.2
11.00 am	73.0	73.2
Noon	73.2	73.1
1.00 pm	73.1	73.1
2.00 pm	73.2	73.0
3.00 pm	73.1	73.0
4.00 pm	73.1	72.9

CURRENCY RATES

June 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.784690	0.695449
U.S. Dollar	5.5	1.28799	1.14019
Canadian $	7.90	*	1.53059
Austrian Sch.	4	16.4863	14.5944
Belgian Franc	7¾	N/A	43.0535
Danish Krone	7	8.82595	7.81143
Deutsche Mark	3.0	2.34285	2.07685
Neth. Guilder	4½	N/A	2.33955
French Franc	9½	N/A	6.93634
Italian Lira	11.5	N/A	1502.48
Japanese Yen	2½	185.921	164.244
Norway Krone	8	8.66173	7.64667
Spanish Peseta	—	N/A	144.348
Swedish Krona	7½	8.16714	7.22423
Swiss Franc	3.5	1.94551	1.72396
Greek Drach.	20½	N/A	155.430
Irish Punt	—	N/A	0.775375

*C$/SDR rate for June 15: 1.72449

CURRENCY MOVEMENTS

June 16	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.1	−20.4
U.S. Dollar	101.9	−5.0
Canadian Dollar	77.2	−11.3
Austrian Schilling	137.5	+10.2
Belgian Franc	99.9	−4.6
Danish Krone	92.9	+3.3
Deutsche Mark	146.5	+21.5
Swiss Franc	171.7	+22.0
Guilder	134.7	+14.2
French Franc	71.4	−13.0
Lira	47.2	−18.4
Yen	221.3	+64.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

June 16	£	$
Argentina	2.7395-2.7510	1.6740-1.6800
Australia	2.2755-2.2785	1.3900-1.3910
Brazil	61.4370-61.7830	37.5420-37.7300
Finland	7.2250-7.2375	4.4170-4.4190
Greece	221.10-224.95	135.20-137.50
Hong Kong	12.7775-12.7825	7.8080-7.8090
Iran	117.30*	71.10*
Korea (Sth)	1320.75-1332.70	810.40-817.00
Kuwait	0.45880-0.45895	0.28045-0.28065
Luxembourg	61.75-61.85	37.75-37.85
Malaysia	4.1025-4.1075	2.5065-2.5080
Mexico	2135.00-2159.00	1305.00-1318.00
N. Zealand	2.7680-2.7730	1.6905-1.6925
Saudi Ar.	6.1350-6.1405	3.7500-3.7510
Singapore	3.4730-3.4765	2.1220-2.1230
S. Af. (Cm)	3.2880-3.3030	2.0180-2.0220
S. Af. (Fn)	5.3670-5.5485	3.2785-3.3895
Taiwan	50.60-50.85	31.05-31.15
U.A.E.	6.0080-6.0135	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0535	+1.40	+0.74	±1.5344
Danish Krone	7.85212	7.81143	−0.52	−1.18	±1.6404
German D-Mark	2.05853	2.07685	+0.89	+0.23	±1.0981
French Franc	6.90403	6.93634	+0.47	−0.19	±1.3674
Dutch Guilder	2.31943	2.33955	+0.87	+0.21	±1.5012
Irish Punt	0.768411	0.775375	+0.91	+0.25	±1.6684
Italian Lira	1483.58	1502.48	+1.27	+1.11	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

June 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6310-1.6425	1.6345-1.6355	0.26-0.23c pm	1.80	0.68-0.63 pm	1.60
Canada	2.1892-2.2037	2.1925-2.1935	0.13-0.03c pm	0.44	0.22-0.09 pm	0.28
Netherlands	3.34¼-3.36¼	3.35½-3.36½	1⅛-⅞c pm	3.57	3⅛-2¾ pm	3.50
Belgium	61.66-62.00	61.75-61.85	16-9c pm	2.43	36-25 pm	1.97
Denmark	11.16¾-11.26	11.22-11.23	⅛-1ore dis	−0.12	1¼-2½ dis	−0.76
Ireland	1.1085-1.1165	1.1145-1.1155	0.08-0.16 p dis	−1.29	0.25-0.50 dis	−1.35
W. Germany	2.97½-2.99	2.98-2.99	1⅛-1⅛pf pm	1.51	3⅞-3½ pm	4.84
Portugal	231.15-233.50	231.70-232.70	64-151c dis	−5.56	301-424 dis	−6.24
Spain	207.05-208.05	207.25-207.55	88-150c dis	−6.89	275-365 dis	−6.17
Italy	2149-2164¼	2161-2162	1-4 lire dis	−1.39	5-12 dis	−1.57
Norway	10.95-11.02¾	10.97¾-10.98¾	4⅞-5½ ore dis	−5.67	14⅞-15⅝ dis	−5.55
France	9.92½-9.98	9.96½-9.97½	¾-¼ c pm	0.60	1⅛-½par pm	0.38
Sweden	10.35-10.40½	10.36½-10.37½	¼pm-¼ ore dis	−0.07	1⅛-1¾ dis	−0.55
Japan	235-236½	235½-236½	1⅛-⅞ y pm	5.08	3-2¾ pm	−4.87
Austria	20.87-21.03	20.92-20.95	8¾-7¼ gro pm	4.73	24½-21¾ pm	4.42
Switzerland	2.46¾-2.49	2.48-2.49	1⅛-⅞c pm	4.83	3⅛-2¾ pm	4.73

Belgian rate is for convertible francs. Financial franc 61.85-61.95. Six-month forward dollar 1.08-1.03 c pm. 12-month 1.65-1.55c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

June 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6310-1.6425	1.6345-1.6355	0.26-0.23c pm	1.80	0.68-0.63 pm	1.60
Ireland†	1.4657-1.4720	1.4670-1.4680	0.45-0.40c pm	3.47	1.25-1.10 pm	3.20
Canada	1.3400-1.3423	1.3405-1.3415	0.14-0.17c pm	1.39	0.43-0.46pm	1.33
Netherlands	2.0480-2.0570	2.0545-2.0555	0.34-0.31c pm	1.90	1.00-0.95 pm	1.90
Belgium	37.70-37.85	37.75-37.85	3-pm par	0.48	6-1 pm	0.37
Denmark	6.83¾-6.87	6.86¼-6.86¾	0.90-1.60ore dis	−2.19	3.40-4.10 dis	−2.19
W. Germany	1.8175-1.8265	1.8255-1.8265	0.52-0.49pf pm	3.33	1.56-1.51pm	3.37
Portugal	141¾-142½	142¼-142½	70-120c dis	−8.03	240-320c dis	−7.88
Spain	126.45-126.88	126.70-126.80	50-150c dis	−9.47	150-300c dis	−7.11
Italy	1314-1323	1321¼-1322¼	3.00-4.00lire dis	−3.19	9.00-12.00dis	3.19
Norway	6.69½-6.73½	6.71½-6.72	3.85-4.35ore dis	7.34	12.00-12.50dis	−7.31
France	6.07-6.10	6.09½-6.10	0.60-0.70c dis	−1.28	1.75-2.05 dis	−1.25
Sweden	6.32¼-6.34¼	6.34-6.34½	0.45-0.75ore dis	−1.14	2.40-2.80 dis	−1.64
Japan	143.80-144.45	144.35-144.45	0.43-0.40y pm	3.46	1.22-1.17 pm	3.32
Austria	12.77¼-12.82	12.80½-12.81	3.40-3.00gro pm	3.00	9.75-8.75 pm	2.89
Switzerland	1.5070-1.5210	1.5200-1.5210	0.42-0.37c pm	3.14	0.81-0.76 pm	2.08

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.80-37.90

EURO-CURRENCY INTEREST RATES

June 16	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	4¾-5	8 7/16-8 9/16	4⅜-4½	4⅜-4½	4⅝-4¾	4¾-4⅞
U.S. Dollar	6⅝-6¾	6¾-6⅞	7-7⅛	7 1/16-7 3/16	7¼-7 7/16	7⅝-7¾
Can. Dollar	8-8¼	8⅛-8¼	8⅛-8⅜	8¼-8½	8 7/16-8 11/16	8¾-9
D. Guilder	5 1/16-5 3/16	5 1/16-5 3/16	5 1/16-5 3/16	5 1/16-5 3/16	5⅛-5¼	5⅛-5¼
Sw. Franc	2½-3	2⅛-2⅜	4¼-4⅜	3⅞-4	3 13/16-3 15/16	3⅞-4
Deutschmark	3 7/16-3 9/16	3½-3⅝	3⅝-3¾	3⅝-3¾	3 13/16-3 15/16	3 13/16-3 15/16
Fr. Franc	8 1/16-8 3/16	8 1/16-8 3/16	8⅛-8¼	8¼-8⅜	8½-8⅝	8⅞-9
Italian Lire	9-11	9⅛-9⅞	9⅞-10¼	9⅞-10¼	10-10⅜	10⅛-10⅜
B. Fr. (Fin.)	6 11/16-6 13/16	6 11/16-6 13/16	6½-6⅞	6 11/16-6 13/16	7-7⅛	7 1/16-7 3/16
B. Fr. (Con.)	6¼-6¾	6½-6⅞	6⅝-7	6⅝-7¼	6⅞-7¼	7-7⅛
Yen	3 3/16-3 5/16	3 11/16-3 13/16	3 11/16-3⅞	3⅞-3 15/16	3⅞-3 15/16	3⅞-3 15/16
D. Krone	9⅛-9⅝	9⅛-9⅝	9¼-9½	9⅛-9⅝	9⅛-9⅝	9⅞-10
Asian $Sing.	4¾-5	N/A	4 3/16-4 5/16	4 3/16-4 5/16	4⅝-4¾	4¾-4⅞

Long-term Eurodollars: Two years 8-8¼ per cent; three years 8¼-8½ per cent; four years 8½-8¾ per cent; five years 8⅝-8⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

June 16	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.635	2.985	236.0	9.970	2.485	3.360	2162.	2.193	61.80
$	0.612	1.	1.826	144.4	6.098	1.521	2.055	1322.	1.341	37.80
DM	0.335	0.548	1.	79.06	3.340	0.832	1.126	724.1	0.735	20.70
YEN	4.237	6.928	12.65	1000.	42.25	10.53	14.24	9159.	9.292	261.9
F Fr.	1.003	1.640	2.994	236.7	10.	2.492	3.370	2168.	2.200	61.99
S Fr.	0.402	0.658	1.201	94.97	4.012	1.	1.352	869.8	0.882	24.87
H Fl.	0.298	0.487	0.888	70.24	2.967	0.740	1.	643.3	0.653	18.39
Lira	0.463	0.756	1.381	109.2	4.613	1.150	1.554	1000.	1.015	28.59
C $	0.456	0.746	1.361	107.6	4.546	1.133	1.532	985.6	1.	28.18
B Fr.	1.618	2.646	4.830	381.9	16.13	4.021	5.437	3498.	3.549	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilt prices recover

GILT PRICES reversed an early weak trend to finish firmer on the day, following the release of better than expected UK PSBR figures. The latter showed a net repayment in May of £354m compared with expectations of an £800m borrowing requirement.

The August price opened at 125-18 down from 125-22 and touched a low of 125-10 before recovering to touch a high of 126-20. It closed at 126-10.

Three-month sterling deposits were less impressive despite sterling's better performance. Cash rates remained steady after a slightly firmer indication to start with, and while sentiment improved, there was no ready acceptance of the possibility of an early cut in UK clearing bank base rates.

The September price opened at 91.31 and touched a high of 91.35 before closing at 91.29 compared with 91.28 on Monday.

US Treasury bonds traded quietly in a relatively narrow range. Prices derived little inspiration from a static dollar and while US industrial production showed a better than expected rise of 0.5 per cent compared with a fall in April of 0.4 per cent, there was insufficient momentum to support any sustained rise. After opening at 92-11, the September contract rose to a high of 92-16 before closing at 92-14 down from 92-23 on Monday.

Three-month Euro-dollar deposits were unchanged on the day, opening and closing at 92.51 down from the previous close of 92.62.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
118	8.34	8.63	0.14	0.51
120	6.48	7.30	0.28	1.18
122	5.09	6.04	0.53	1.56
124	3.47	4.52	1.27	2.40
126	2.33	3.47	2.13	3.35
128	1.38	2.53	3.18	4.41
130	1.00	2.06	4.44	5.58
132	0.34	1.33	6.18	7.21

Estimated volume total, Calls 2,994 Puts 2,314
Previous day's open int: Calls 25909 Puts 14,937

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
84	8.40	8.12	0.12	0.44
86	6.56	6.40	0.27	1.08
88	5.15	5.14	0.51	1.46
90	3.43	4.01	1.15	2.33
92	2.24	3.00	1.60	3.32
94	1.31	2.12	3.03	4.44
96	0.55	1.35	4.27	6.03
98	0.30	1.04	6.02	7.36

Estimated volume total, Calls 134 Puts 0
Previous day's open int: Calls 1826 Puts 565

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last June	Calls-Last July	Puts-Last June	Puts-Last July
22000	12.52	18.96	0.12	0.66
22250	10.18	16.77	0.28	0.97
22500	7.99	14.68	0.59	1.38
22750	6.00	12.70	1.10	1.90
23000	4.29	10.87	1.89	2.57
23250	2.90	9.18	3.00	3.38
23500	1.85	7.66	4.45	4.36
23750	1.10	6.30	6.20	5.50

Estimated volume total, Calls 91 Puts 10
Previous day's open int: Calls 454 Puts 706

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Jul.	Aug.	Sep.	Dec.	Puts—Last Jul.	Aug.	Sept.	Dec.
1.45	—	—	18.65	18.65	—	—	0.03	0.23
1.50	13.65	13.65	13.65	13.65	0.00	0.10	0.19	0.67
1.55	8.65	8.68	8.72	9.22	0.07	0.49	0.73	1.63
1.60	4.13	4.85	5.04	5.91	0.67	1.66	2.05	3.32
1.65	1.33	2.17	2.52	3.55	2.87	3.98	4.53	5.96
1.70	0.35	0.82	1.00	1.91	6.89	7.63	8.01	9.32
1.75	0.05	0.23	0.33	0.94	11.59	12.04	12.34	13.35

Estimated volume total, Calls 19 Puts 0
Previous day's open int, Calls 669 Puts 1935

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.45	—	—	12.70	12.90	—	—	1.50	2.70
1.50	16.60	16.60	16.60	16.60	0.35	0.35	0.50	1.15
1.55	9.20	9.30	9.65	11.60	0.35	0.60	1.00	1.60
1.60	4.30	5.40	5.95	6.60	0.90	2.00	1.95	4.15
1.65	1.40	2.75	3.25	5.95	2.90	3.15	4.35	6.50
1.70	0.40	1.25	1.50	3.90	6.70	6.10	6.70	9.60
1.75	0.30	0.60	0.85	2.50	11.40	9.85	10.50	13.25

Previous day's open int: Calls 1,777 Puts 328
Volume: 319

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.600	4.05	4.40	4.90	6.00	0.50	1.30	1.85	3.20
1.625	2.30	2.80	3.60	—	1.20	2.05	3.00	—
1.650	1.00	1.85	2.30	3.70	2.40	3.40	4.10	5.60
1.675	0.40	1.20	—	2.90	4.40	5.30	—	7.30
1.700	0.15	0.65	1.10	2.20	6.45	7.20	7.65	—
1.725	0.05	0.35	0.70	1.60	8.60	9.20	9.60	10.80
1.750	0.05	0.25	0.45	0.20	11.00	11.40	11.70	12.70

Previous day's open int: Calls N/A, Puts N/A
Previous day's volume: Calls N/A, Puts N/A

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.25	1.28	1.14	1.10	—	0.02	0.20	0.40	—
91.50	1.05	0.95	0.93	—	0.04	0.26	0.48	—
91.75	0.83	0.78	0.78	—	0.07	0.34	0.58	—
92.00	0.63	0.61	0.64	—	0.12	0.42	0.69	—
92.25	0.45	0.48	0.52	—	0.19	0.54	0.82	—
92.50	0.30	0.35	0.41	—	0.29	0.66	0.96	—
92.75	0.19	0.26	0.31	—	0.43	0.82	1.11	—

Previous day's open int: Calls 1,536 Puts 1,764
Estimated volume, Calls 65 Puts 0

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	126-12	125-07	125-27	125-24
Sept.	126-10	126-20	125-10	125-22
Dec.	126-06	—	—	125-18

Estimated volume 35,362 (37,042)
Previous day's open int. 28,093 (37,040)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
June	—	—	—	—

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
June	91.17	91.20	91.15	91.18
Sept.	91.29	91.35	91.27	91.28
Dec.	91.20	91.24	91.11	91.19
Mar.	91.14	91.16	91.10	91.07
June	90.91	90.94	90.90	90.87
Sept.	90.73	90.74	90.71	90.70

Estimated Volume 6,554 (6,638)
Previous day's open int. 19,416 (6,636)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	232.40	233.20	229.50	232.20
Sept.	238.30	238.30	235.20	237.20

Estimated volume 1,627 (1,253)
Previous day's open int. 7,773 (7,948)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
June	—	—	—	92.89
Sept.	92.51	92.53	92.47	92.62
Dec.	92.19	92.23	92.17	92.34
March	91.95	91.98	91.92	92.10
June	91.75	—	—	91.90
Sept.	91.58	91.63	91.63	91.73
Dec.	91.43	—	—	91.58
Mar.	91.29	—	—	91.44

Estimated volume 4,744 (7,201)
Previous day's open int. 24,517 (7,569)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
June	93-18	93-20	93-12	93-27
Sept.	92-14	92-16	92-05	92-23
Dec.	91-16	—	—	91-25

Estimated Volume 4,415 (6,950)
Previous day's open int. 4,431 (6,950)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6350	1.6326	1.6285	1.6245	1.6190

IMM—STERLING $s per £

	Latest	High	Low	Prev
Sept.	1.6315	1.6355	1.6280	1.6285
Dec.	1.6270	1.6325	1.6250	1.6235
Mar.	1.6220	1.6265	—	1.6200

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	—	—	—	1.6405
Sept.	1.6299	1.6352	1.6265	1.6227
Dec.	1.6259	—	—	1.6183
Mar.	1.6225	—	—	—

Estimated volume 375 (141)
Previous day's open int 1,073 (1,125)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
June	93-08	93-30	93-07	93-24
Sept.	92-07	92-28	92-04	92-20
Dec.	91-08	91-30	91-06	91-22
Mar.	90-13	90-23	90-13	90-27
June	89-23	89-29	89-19	90-02
Sept.	88-31	89-02	88-31	89-12
Dec.	—	—	—	88-24
Mar.	—	—	—	88-07
June	—	—	—	—
Sept.	—	—	—	87-11
Dec.	—	—	—	87-00

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	93.87	93.91	93.85	93.93
Dec.	93.53	93.57	93.52	93.59
Mar.	93.26	93.29	93.26	93.32
June	93.06	93.09	93.06	93.13
Sep.	92.86	92.86	92.86	93.92
Dec.	—	—	—	92.73
Mar.	—	—	—	92.57
June	—	—	—	—

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6653	0.6667	0.6635	0.6669
Dec.	0.6714	0.6731	0.6699	0.6730
Mar.	0.6780	0.6780	0.6770	0.6790

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sept.	0.6997	0.7005	0.6988	0.6974
Dec.	0.7062	0.7063	0.7050	0.7033
Mar.	—	—	—	0.7095
Jun.	—	—	—	0.7164

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sept.	0.5531	0.5541	0.5521	0.5527
Dec.	0.5583	0.5585	0.5575	0.5577
Mar.	0.5626	5626	0.5626	0.5628

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	92.49	92.52	92.47	92.87
Dec.	92.17	92.21	92.15	92.55
Mar.	91.92	91.96	91.92	92.24
June	91.71	91.76	91.71	91.99
Sept.	91.53	91.58	91.53	91.79
Dec.	91.37	91.40	91.37	91.62
Mar.	91.23	91.27	91.23	91.47
June	91.10	91.12	91.09	91.32

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
June	303.10	303.45	302.50	303.85
Sept.	305.15	305.65	304.60	306.00
Dec.	—	307.60	306.85	308.00
Mar.	309.20	—	309.00	310.20

MONEY MARKETS

Sentiment improves after better PSBR

UK INTEREST rates reversed an earlier firmer trend to finish little changed from overnight levels. This followed better-than-expected PSBR figures which showed a net repayment by the public sector of £374m compared with analysts' projections of an £800m borrowing requirement.

UK clearing bank base lending rate 9 per cent since May 8

Sterling improvement on these figures since they provided a welcome change from the rather bearish outlook following the lack of overseas demand for UK bonds and equities after the result of the general election.

While one set of figures was clearly insufficient to establish a bullish trend, the figures revived hopes in some quarters of a cut in UK clearing bank base rates during the summer months.

Three-month interbank money was quoted 8 13/16-8 11/16 per cent compared with 8 15/16-8¾ per cent earlier but was unchanged from Monday's close.

Overnight interbank money touched a low of 5 per cent after opening nearer 9 per cent and finished bid at 7 per cent.

The Bank of England forecast a surplus of around £150m with factors affecting the market including bills maturing in official hands and the repayment of any late assistance together with a take-up of Treasury bills draining £342m. These were offset by Exchequer transactions which added £420m and a fall in the note circulation of £65m. In addition banks brought forward balances £15m above target.

The forecast was revised to a surplus of around £50m and the Bank did not intervene in the morning.

A further revision took the forecast to a flat position and the Bank did not intervene in the afternoon. There was however late help of around £20m.

In Frankfurt call money was unchanged at 3.2-3.3 per cent in quite trading ahead of a public holiday today and partial closures tomorrow. There were no changes in credit policy or interest rates after yesterday's meeting of the Bundesbank central council, much in line with market expectations.

While liquidity levels remain quiet comfortable, there was likely to be a drain on funds next week because heavy corporate tax payments are due.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 16) 3 months U.S. dollars		6 months U.S. dollars	
bid 7 1/16	offer 7 3/16	bid 7¼	offer 7⅜

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8¼
Broker loan rate	8
Fed. funds	6⅝
Fed funds at intervention	6¾

Treasury Bills and Bonds

One month	N/A	Three year	7.69
Two month	N/A	Four year	7.82
Three month	5.79	Five year	7.91
Six month	6.22	Seven year	8.15
One year	6.71	10 year	8.28
Two year	7.47	30 year	8.47

June 16	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.20-3.30	3.55-3.65	3.55-3.70	3.55-3.70	3.60-3.75	5.0
Paris	8¼-8⅜	8⅛-8⅜	8⅛-8¼	8⅛-8¼	8⅜-8¼	7¾
Zurich	⅞-1⅛	3⅞-4⅛	—	3¾-4	—	—
Amsterdam	5⅛-5¼	5⅛-5¼	—	5⅛-5⅜	—	—
Tokyo	3.15625	3.59375	—	3.65625	—	—
Milan	10⅞-11⅛	10⅞-11⅛	—	10⅞-11⅛	—	—
Brussels	5.05	6⅛-6⅞	—	6⅞-7	—	—
Dublin	10¼-10½	10¼-10¾	10½-10¾	10½-10¾	10¼-10½	—

LONDON MONEY RATES

June 16	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	9-5	8⅞-8½	8⅞-8 11/16	8 13/16-8 11/16	8 13/16-8⅝	8 15/16-8 13/16
Sterling CDs	—	—	8¾-8⅝	8 13/16-8⅝	8 13/16-8⅝	8¾-8⅝
Local Authority Deposits	8½	8⅝	8⅝	8⅝	8¾	9¼
Local Authority Bonds	—	—	8 11/16	8 11/16	9	9 1/16
Discount Mkt Deposits	8½-6	8½	8⅝	8¾	—	—
Company Deposits	—	—	8⅞-8 11/16	8 11/16	8¾	8 13/16
Finance House Deposits	—	—	8 11/16	8 13/16	9	9 1/16
Treasury Bills (Buy)	—	—	8 9/16	9 1/32	8⅝	—
Bank Bills (Buy)	—	—	8 11/16	8½	8 11/16	—
Fine Trade Bills (Buy)	—	—	9 3/32	9	8 13/16	—
Dollar CDs	—	—	7.10-7.05	7.01-7.05	7.30-7.25	7.70-7.65
SDR Linked Deposits	—	—	6 1/16-5 13/16	6⅛-5⅞	6¼-6	6½-6¼
ECU Linked Deposits	—	—	6 11/16-6⅝	6 11/16-6 11/16	6⅞-6¾	7 1/16-6 15/16

Treasury Bills (sell); one-month 8 7/16 per cent; three-months 8 7/16 per cent; Bank Bills (sell): one-month 8 11/16 per cent; three months 8 7/16 per cent; Treasury Bills; Average tender rate of discount 8.3933 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29, 1987. Agreed rates for period June 24 to July 25, 1987, Scheme I: 10.54 p.c., Schemes II & III: 10.12 p.c. Reference rate for period May 1 to May 29, 1987, Scheme IV: 8.873 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from June 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 8½ per cent; six-nine months 8½ per cent; nine-12 months 8⅝ per cent; Under £100,000 8 per cent from June 11. Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of stocks per grouping	MONDAY JUNE 15 1987 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	FRIDAY JUNE 12 1987 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1987 High	1987 Low	Year ago (approx)
Australia (94)	136.93	−0.6	124.40	127.04	3.08	137.74	123.62	127.66	140.95	99.92	89.11
Austria (16)	86.28	−1.4	78.38	81.76	2.32	87.49	78.52	82.05	101.62	85.94	84.89
Belgium (47)	116.22	−0.8	105.58	108.77	4.42	117.17	105.16	108.65	123.62	96.19	77.07
Canada (127)	126.79	−0.3	115.18	123.12	2.39	127.15	114.11	123.33	136.17	100.00	98.96
Denmark (39)	119.98	−0.4	108.99	112.14	2.48	120.45	108.10	111.40	124.10	98.18	97.83
France (122)	109.92	+0.7	99.85	105.00	2.66	109.11	97.92	103.51	121.82	98.39	80.86
West Germany (90)	91.95	+0.8	83.53	87.22	2.15	91.25	81.89	85.94	100.33	84.00	87.42
Hong Kong (45)	119.08	+0.0	108.18	119.40	2.88	119.12	106.90	119.40	119.12	96.89	70.32
Ireland (14)	128.10	+0.0	116.37	123.04	3.67	128.03	114.90	121.98	131.86	99.50	84.33
Italy (76)	99.06	−0.4	89.99	97.58	1.86	99.45	89.25	97.44	112.11	94.76	86.36
Japan (458)	157.33	−1.3	142.93	143.96	0.46	159.45	143.10	144.94	161.28	100.00	79.13
Malaysia (36)	166.64	−1.6	151.38	160.78	2.37	169.27	151.91	162.24	172.55	98.24	80.13
Mexico (14)	242.41	+2.5	220.22	345.21	0.64	236.49	212.23	336.26	242.41	99.72	49.65
Netherland (38)	117.83	+0.2	107.04	110.54	4.03	117.55	105.50	109.40	120.14	99.65	90.35
New Zealand (27)	98.94	+0.0	89.88	88.68	3.03	98.91	88.77	88.65	100.59	83.93	66.94
Norway (24)	138.42	+0.0	125.75	126.59	2.01	138.41	124.21	125.35	140.05	100.00	99.80
Singapore (27)	140.37	−1.1	127.52	137.07	1.78	141.87	127.32	138.13	144.47	99.29	72.72
South Africa (61)	159.74	−3.5	145.12	118.40	3.52	165.48	148.51	120.59	186.74	100.00	72.57
Spain (43)	114.72	+0.0	104.22	110.42	3.70	114.73	102.97	109.30	121.31	100.00	81.22
Sweden (33)	114.29	+0.0	103.82	107.39	2.17	114.30	102.58	106.48	124.68	90.85	88.92
Switzerland (51)	92.51	+0.5	84.04	86.78	1.99	92.01	82.57	85.56	104.06	92.01	82.49
United Kingdom (335)	150.27	−0.3	136.51	136.51	3.14	150.68	135.23	135.23	150.68	99.65	98.00
USA (593)	124.16	+0.5	112.79	124.16	2.92	123.52	110.85	123.52	124.16	100.00	102.79
Europe (928)	120.67	+0.0	109.63	112.53	2.87	120.64	108.27	111.41	121.61	99.78	90.22
Pacific Basin (687)	155.09	−1.3	140.89	142.33	0.62	157.09	140.98	143.27	158.64	100.00	79.16
Euro–Pacific (1615)	141.36	−0.8	128.42	130.45	1.39	142.55	127.93	130.57	143.34	100.00	83.53
North America (720)	124.30	+0.5	112.92	124.12	2.89	123.71	111.02	123.53	124.60	100.00	102.59
World Ex. US (1817)	141.11	−0.8	128.19	130.16	1.44	142.31	127.71	130.16	143.09	100.00	83.93
World Ex. UK (2075)	132.92	−0.4	120.75	127.26	1.84	133.41	119.73	127.24	133.55	100.00	90.69
World Ex. So. Af. (2349)	134.30	−0.3	122.01	128.17	1.96	134.76	120.94	128.00	134.76	100.00	91.43
World Ex. Japan (1952)	123.61	+0.2	112.29	120.19	2.89	123.31	110.67	119.48	123.61	100.00	97.14
The World Index (2410)	134.47	−0.4	122.16	128.12	1.97	134.95	121.11	127.97	134.95	100.00	91.31

Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$480	17	8.40	—	—	12	28	$453.50
GOLD C	$520	110	2.50	565	9.50	—	—	"
GOLD P	$420	5	3	10	8.50	—	—	"
GOLD P	$440	5	7.50A	400	15	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$700	—	—	—	—	9	170	$767
SILVER C	$900	—	—	9	45	5	90	"
SILVER P	$700	525	1	—	—	—	—	"
£/Fl C	Fl.335	25	1	—	—	8	5.20B	Fl.336.49
		Jun 87		Jul 87		Aug 87		
$/Fl C	Fl.200	98	5.10	5	5.60	5	6.30	Fl.205.30
$/Fl C	Fl.205	114	0.70	34	2.60	14	3.50B	"
$/Fl C	Fl.210	—	—	99	0.85	—	—	"
$/Fl P	Fl.200	14	0.05	—	—	—	—	"
$/Fl P	Fl.205	38	0.90	1	2.70	303	4.10	"
$/Fl P	Fl.210	15	4.70	—	—	—	—	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.190	—	—	1	15	21	15.20	Fl.205.30
$/Fl C	Fl.200	5	7.10	5	7.90	5	8.40	"
$/Fl C	Fl.205	143	4.40	1	5.70	15	7.10	"
$/Fl C	Fl.210	20	2.30	10	3.70	16	5	"
$/Fl C	Fl.215	—	—	31	2.30	3	3.60	"
$/Fl P	Fl.195	4	1.50	10	3.10A	—	—	"
$/Fl P	Fl.200	3	2.90	510	4.80	15	7	"
$/Fl P	Fl.205	—	—	8	7.50	1	9.90	"
$/Fl P	Fl.215	—	—	15	13.70	20	15.70	"
		July 87		Oct 87		Jan 88		
ABN C	Fl.460	76	8.90	34	20	—	—	Fl458
ABN P	Fl.460	92	8.50	89	20	3	22.50	"
AEGON C	Fl.90	246	1.60	25	3.50B	1	5.80	Fl.87.20
AEGON P	Fl.85	120	0.90	254	3	—	—	"
AHOLD C	Fl.95	—	—	—	—	20	4.50	Fl.93
AHOLD P	Fl.85	—	—	10	0.90	—	—	"
AHOLD P	Fl.90.90	52	0.80B	—	—	—	—	"
AKZO C	Fl.140	1278	3.30	666	7.90	72	10.70	Fl.138.70
AKZO P	Fl.130	497	0.70	153	2.50	55	3.20	"
AMEV C	Fl.60	102	3.20	40	5	—	—	Fl.62.50
AMEV P	Fl.60	6	1.20	85	2	—	—	"
AMRO C	Fl.75	57	0.80	250	2.40	6	3.60	Fl.72
AMRO P	Fl.75	49	3.50A	112	5.50	10	5.60	"
ELSEVIER C	Fl.54	1074	1.20	237	2.20	—	—	Fl.53
ELSEVIER P	Fl.52	708	1.40	92	2.50	—	—	"
GIST-BROC C	Fl.45	439	1.50A	183	2.90	20	4.40	Fl.44
HEINEKEN C	Fl.160	133	14	5	15.10B	—	—	Fl.173.50
HEINEKEN P	Fl.170	35	3	56	5.10	—	—	"
HOOGOVENS C	Fl.40	130	2.50B	72	4.20	1	6	Fl.41.50
HOOGOVENS P	Fl.40	32	1.20	63	2.30	30	3	"
KLM C	Fl.45	739	5	713	5.70	43	7.20	Fl.49.80
KLM P	Fl.50	182	1.60	118	3.80	49	4.20	"
NED. LLOYD C	Fl.140	131	2.50	60	6.50	20	8.80	Fl.137
NED. LLYOD P	Fl.130	108	1.50	31	4.20	7	6	"
NAT. NED. C	Fl.70	332	1.50	1026	3.40	162	4.60	Fl.67.50
NAT. NED. P	Fl.65	—	—	536	2	55	3.10	"
PHILIPS C	Fl.50	340	0.70A	387	2.30	82	3.50	Fl.48
PHILIPS P	Fl.50	57	2.50	86	3.40	15	4.30B	"
ROYAL DUTCH C	Fl.270	647	2.50	157	6.20	27	9.50	Fl.262.80
ROYAL DUTCH P	Fl.250	131	1	302	4.50	5	6.50	"
ROBECO C	Fl.100	6	5.50	—	—	15	8.30	Fl.105
UNILEVER C	Fl.700	476	13	202	28.20	44	38	Fl.690
UNILEVER P	Fl.680	150	1110	34	18.50	2	27	"

TOTAL VOLUME IN CONTRACTS: 4,2567

A=Ask B=Bid C=Call P=Put

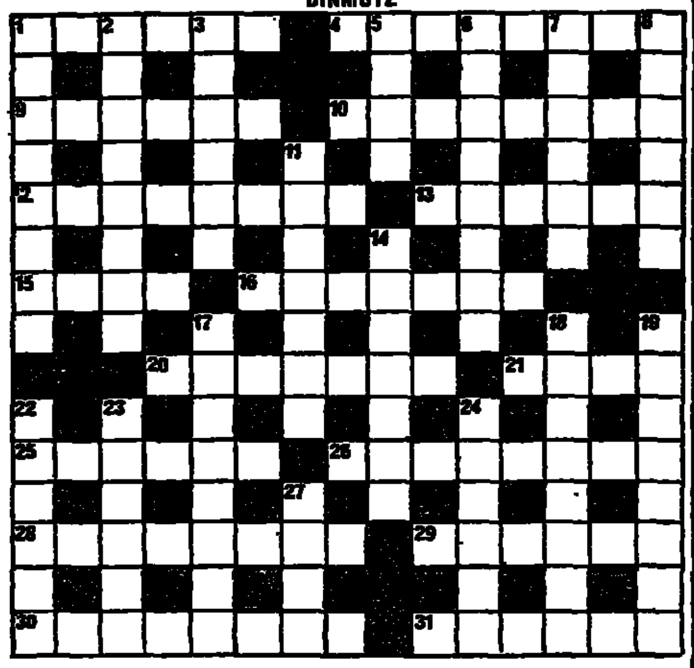
BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	10
American Exp. Bk	9	Consolidated Cred.	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'l Tst C'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd.	9½	Smith & Williamson Secs	9
Banco de Bilbao	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	Trustee Savings Bank	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp.	¶11.2
Bank Credit & Comm	9	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Westpac Bank. Corp	9
Bank of Scotland	9	● Guinness Mahon	9	Whiteaway Laidlaw	9½
Banque Belge Ltd	9	HFC Trust & Savings	9	Yorkshire Bank	9
Barclays Bank	9	● Hambro Bank	9		
Benchmark Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
Cl. Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Sumwise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No. 6,354

DINMUTZ



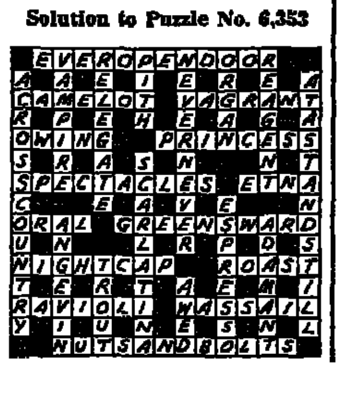
ACROSS

1 Self-hoisting type of mine (6)
4 Very little boy swallows a small fly (8)
9 Fish for variety of tailless pelican (6)
10 This bird lets out the clutch on a hill (8)
12 In-flight member lying down (5-3)
13 Sort of light cavalrymen here (6)
15 Star-making faculty (4)
16 It holds the range of everything we know about scabies (7)
20 Potter's Bar? (7)
21 Rave review for this girl (4)
25 Major book-profit announced (6)
26 Tut for example at painty mess (8)
28 A success, I, with sun-bronzed exterior in South Pacific (8)
29 For iron-road repair, try a big hat (6)
30 The bride Elwyn Round married (5-3)
31 Alternative fit for Blair? (6)

DOWN

1 Thus, I spy a pen that belongs to a journalist (8)
2 Pâté served on tray in it? (3-5)
3 E.g. single-file (6)
5 Huntsmen returning empty (4)
6 Falsely endeared to an anaesthetist (8)
7 What one hug turns out to be a frigid sort? (6)
8 Engraving of broken line—behold! (6)
11 Jumbo's relief? (2-5)
14 Make account agee somehow with farm area (7)
17 Child has hard lines joining men on foot (8)
18 Paper-back article describing B to C, for example (8)
19 Precipitation of Constable, say, in decline (8)
22 Cylinder-component and points damaged (6)
23 Nut to masticate as being devoured (6)
24 A soft fruit show (6)
27 Fun in quarry (4)

Solution to Puzzle No. 6,353



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS — 01-280 2060

American Growth	107.6	113.8	-0.1	1.22
(Accum Units)	112.7	119.2	-0.2	1.22
British Blue Chip Fund	51.9	54.9	+0.1	2.28
(Accum Units)	51.9	54.9	+0.1	2.28
American Sm Cos Fd	50.9	53.8	+0.1	0.45
(Accum Units)	50.9	53.8	+0.1	0.45
American Income	51.3	54.3	+0.4	4.00
(Accum Units)	55.9	59.1	+0.4	4.00
European Growth	137.3	145.2	+1.6	0.64
(Accum Units)	142.1	150.3	+1.7	0.64
European Income	78.0	82.5	+0.0	3.61
(Accum Units)	81.8	86.5	+0.0	3.61
General	363.7	384.8	-0.3	2.00
(Accum Units)	604.0	639.1	-0.6	2.00
Gilt	90.3	90.7	-0.5	7.28
(Accum Units)	107.5	108.0	-0.5	7.28
Global Fund	49.8	52.6	+0.3	0.69
(Accum Units)	49.8	52.6	+0.3	0.69
High Interest Fund	48.2	50.9	-0.2	8.84
(Accum Units)	48.5	51.3	-0.2	8.84
High Income Fund	51.3	54.2	+0.1	4.84
(Accum Units)	52.1	56.1	+0.1	4.84
Income	117.5	124.3	+0.5	3.39
(Accum Units)	134.7	142.5	+0.6	3.39
International	297.5	314.8	+2.0	1.39
(Accum Units)	372.3	393.9	+2.5	1.39
Japan	232.0	245.5	+1.0	0.43
(Accum Units)	238.2	252.0	+1.0	0.43
Pacific Fd	52.2	55.2		0.10
(Accum Units)	52.2	55.2		0.10
Recovery	295.6	312.8	+0.6	2.15
(Accum Units)	321.5	340.2	+0.7	2.15
UK Smaller Co's Fd	50.4	53.3	+0.1	1.88
(Accum Units)	50.4	53.3	+0.1	1.88
Exempt May 27	353.6	362.6	+8.1	2.28
(Accum Units)	321.5	340.2	+0.7	2.15

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. — 0707 45184

UK Income Fund	59.4	63.1	-0.2	4.75
Accum Units	59.4	63.1	-0.2	4.75
UK Growth Fund Acc	62.0	65.9	-0.1	1.52
Global Income Fund	49.8	52.9	-0.1	3.78
Accum Units	49.8	52.9	-0.1	3.78
Global Growth Fund	47.1	50.1	+0.1	0.5

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	120.0	127.3	+0.7	1.38
(Accum Units)	164.7	174.8	+1.0	1.38
Commodity & Gen.	175.0	185.7	-2.0	1.52
(Accum Units)	249.9	265.3	-2.9	1.52
European Growth	123.9	131.4	+0.4	1.15
(Accum Units)	149.6	158.7	+0.7	1.15
Extra High Inc	73.1	77.5	+0.3	6.43
(Accum Units)	88.7	94.1	+0.4	6.43
Gilt & Fxd. Int.	56.2	58.6		8.86
(Accum Units)	98.0	102.3		8.86
High Yield	210.5	223.3	+0.2	4.38
(Accum Units)	372.2	394.9	+0.2	4.38

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL — 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst.	75.6	80.0	+0.4	0.38
Holborn Equity Income	67.7	71.6	+0.2	3.59
Holborn Equity Tst.	571.7	604.9	+1.4	2.23
Holborn European Tst.	111.7	118.1	+1.2	0.70
Holborn Gilt Tst.	216.0	225.0	-1.3	7.12
Holborn High Inc Tst.	83.6	88.4	+0.4	4.98
Holborn Intl Grth Tst.	117.5	124.3	+0.4	0.70
Holborn Japanese Tst.	137.5	145.5	-0.2	0.04
Holborn N. Amer. Tst.	89.5	94.7	+0.3	0.51
Holborn Sm Cos Tst.	73.9	78.1	+0.3	1.49
Holborn Spec. Sits Tst.	97.5	103.1	+0.6	1.42
Holborn UK Growth Tst.	115.6	122.3	+0.1	1.53

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 — 01-600 4177

Quadrant Gen. Fd.	635.2	672.2	-	1.63
Quadrant Income	325.4	344.4	..	4.16
Quadrant Intl. Fund	430.7	455.8	..	1.10
Quadrant Spec. Sits.	407.6	431.4	..	1.52

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent — 0892 510033

British Life	237.5	252.6	-0.1	2.27
Reliance Unit Tst (Inc)	159.7	169.8	+0.7	1.90
Reliance Ut Tst (Acc)	214.9	228.5	+0.9	1.90

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool — 051-227 2030

Internat. Growth Trust	49.6	52.2	+0.1	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 — 01-634 2981/4

NC America (Inc)	315.4	335.5	..	0.83
NC America (Acc)	344.5	366.4	..	0.83
NC Inc Fd.	122.7	130.5	..	2.89
NC Japan Fd.	216.8	230.6	..	2.95
NC Major UK Cos Fd	71.0	75.5	...	1.57
NC Smlr Australasian	83.6	89.1	..	0.89
NC Smlr Canadian CoFd	47.7	50.7	..	1.00
NC Smaller Cos	224.4	238.7	..	0.94
NC Smaller European	190.7	202.8	+0.8	0.46
NC Prop.*	155.1	169.5	..	(z)

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)
33, King William St, London EC4R 9AS — 01-638 5678

Merlin June 6	604.0	612.0	..	1.15

Royal Bank of Canada Fds.
RBC Trust Managers Limited.
1, London Wall, London EC2Y 5JX. — 01-600 6222

RBC Select Grth Acc.	77.0	81.7	+0.6	—
RBC Select Income	77.6	82.5	+0.4	—
RBC Select Int Acc.	79.5	84.5	+0.5	—
RBC Select N. American	51.7	54.9	+0.1	—

Standard Life Trust Mgmt. Ltd

Stewart Ivory Unit Trust Mgrs Ltd (a)

Sun Alliance Fund Management Ltd

Sun Life of Canada Unit Mgrs Ltd

Sun Life Trust Mgmt. Ltd

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.
Pension Fund Prices

Managed Init.	322.5			—
Do Accum	593.4			—
Property Init.	240.8			—
Do. Accum	293.6			—
Equity Init	412.2			—
Do Accum	501.8			—
Gilt-Edged Init.	240.6			—
Do. Accum	293.4			—
Guaranteed Init.	157.2			—
Do Accum	191.8			—
International Init.	515.1			—
Do Accum	627.6			—
Index Lk. Gilt Init.	140.9			—
Do Accum	171.7			—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	298.9	+0.1	—
Property Pens.	393.0	+0.1	—
Equity	194.7	+6.2	—
Equity Pens.	892.2	+30.8	—
Money Market	317.0	-5.2	—
Money Mkt. Pens.	565.7	-9.4	—
Deposit	235.5	+0.0	—
Deposit Pens.	373.8	+0.1	—
Managed	288.6	+3.6	—
Managed Pens.	957.1	+8.5	—
Intl. Equity	338.0	+3.0	—
Do. Pens.	542.8	+6.8	—
Intl. Managed	317.5	+3.6	—
Do. Pens.	461.5	+6.7	—
North American	128.6	+1.6	—
Do. Pens.	147.6	+2.7	—
Far East	297.0	-0.4	—
Do. Pens.	430.3	-0.6	—
Intnl. Currency	174.8	+0.0	—
Do. Pens.	228.8	+0.0	—
Index Linked	128.0	-1.9	—
S & C Managed Fd	142.5	+1.2	—
S & C Pens Mngd Fd	116.2	+1.4	—

Trustlink Life Funds

Per Worldwide Rec.	159.0	+1.9	—
Per Far East Growth	192.1	+0.2	—
Per Intl Growth	151.0	+1.3	—
Per Income	168.5	+0.2	—
Per Emerging Co's	156.0	+1.5	—
Per American Growth	141.3	+1.5	—
Per European Growth	120.9	+1.0	—
Fra American & Gov	119.1	+1.9	—
Fra Capital	169.1	+1.4	—
Fra Income	175.9	+1.6	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds

Managed Fund	56.9	54.9		—
Stock Market Mngd Fund	58.1	61.2		—
Equity Fund	63.8	67.2		—
International Fund	53.3	56.3		—
European Fund	54.6	57.7		—
North American Fund	48.9	51.5		—
Pacific Fund	66.1	69.6		—
Property Fund	50.5	53.2		—
Fixed Interest Funds	51.8	54.6		—
Index Linked Sec Fund	46.3	48.8		—
Deposit Fund	50.5	53.2		—

NUAM Retirement Plans

Mixed Fund	60.3	63.5		—
UK Ordinary Share	71.7	75.5		—
International Fund	54.8	57.7		—
Property Fund	51.4	54.2		—
Fixed Interest Fund	53.5	56.4		—
Index Linked Sec Fund	46.5	49.0		—
Deposit Fund	52.3	55.1		—

NUAM (NF)

Managed Fund	776.5	817.4		—
Equity Fund	1693.7	1782.9		—
Property Fund	314.1	330.5		—
Fixed Interest Fund	381.6	401.7		—
Deposit Fund	206.1	217.0		—
International Fund	138.4	145.7		—
Index Linked Sec Fund	46.4	48.9		—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionvestor* & Unit-Linked Plus*

Fixed Interest Fund	261.4	281.4		—
Index-Linked Sec Fund	134.1	141.1		—
Ordinary Share Fund	512.7	539.6		—
International Fund	138.3	145.5		—
Property Fund	160.4	168.8		—
Deposit Fund	163.7	172.3		—
Mixed Fund	331.8	349.2		—
Norwich Units May 15		972.9		—

*Prices as at June 2.

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	143.0	150.6	+0.9	—
Prop. Acc. (Gross) (z)	224.0	235.8	+0.4	—
Equity (Gross) (z)	738.3	777.2	+2.0	—
Managed (Gross) (z)	501.2	527.6	+1.4	—
Prop. Acc. (Net) (z)	103.2	108.7	+0.2	—
Equity (Net) (z)	157.5	165.8	+0.4	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	97	Treas 3pc 1987	99		3.01	7.94
101	100	Treas. 12pc 1987	101	–	11.86	8.44
99	97	Treas 7¼pc 1985-88‡‡	99		7.78	8.37
102¼	99	Exch 10½pc '88	101	–	10.33	8.53
101	98	Treas 9¾pc Cv '88	101	+	9.64	8.52
96	93	Transport 3pc '78-88	96	+	3.10	6.36
101	98	Treas. 9½pc '88	101	–	9.40	8.61
105	101	Treas 11½pc 1989	104	+	11.02	8.64
102	97	Treas 9½pc Cnv 1989	102	+	9.37	8.66
94	89	Treas 3pc 1989	94	+	3.19	6.27
104	99	Treas 10½pc 1989	103		10.17	8.69
103	98	Exch. 10pc 1989	102	+	9.76	8.71
105	100	Exch 11pc 1989	104	+	10.52	8.71
95	89	Treas 5pc 1986-89	95	+	5.26	7.35
108	100	Exch 10¼pcCv '89	106	+	9.64	7.30
111	105	Treas 13pc 1990‡‡	109	+	11.85	8.71
106	100	Exch 11pc 1990‡‡	105	+	10.46	8.76
110	104	Exch. 12½pc 1990	109	+	11.48	8.77
91	84	Treas. 3pc 1990	90		3.30	6.83
100	93	Treas 8¼pc 1987-90‡‡	99	–	8.28	8.39
105	97	Treas. 10pcCv 1990	103	+	9.65	8.70
89	81	Exch 2½pc 1990	88	+	2.82	6.22
110	103	Treas 11¾pc 1991	109	+	10.78	8.74
95	87	Funding 5¾pc '87-91‡‡	94	–	6.11	7.55
89	80½	Treas. 3pc 1991	88	+	3.40	6.43
110	100	Treas 10pc Cv '91 ‡‡	108	+	9.29	7.58
109	101	Exch. 11pc 1991	107	+	10.19	8.75
116	108	Treas 12¾pc 1992‡‡	115	+	11.09	8.71
106	97	Treas 10pc 1992	104	+	9.54	8.72
49	46	Treas. 8pc 1992 ‡‡(£50pd)	47	+	8.15	8.47
108	99	Treas 10¼pc Cv 1992‡‡	106	+	9.82	8.72

Five to Fifteen Years

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	42	Greek 7pc Ass.	42xd		3.50	18.33
45	40	Do. 6pc 28 Stb. Ass.	40		3	17.50
47	45	Do 4pc Mixed Ass.	47		2	14.26
65	58	Hung. '24 Ass.	63		2.75	14.37
146½	122	Hydro Quebec 15pc 2011	142xd	–	15.00	10.22
92½	83	Iceland 6½pc '83-88	83xd		—	—
136¼	125½	Do. 14½pc Ln. 2016	132	+½	14.50	10.84
103½	94	Ireland 9¾pc '91-96	102¼		9.75	9.30
98½	93	Japan 6% '83-88	94		—	—

AMERICANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
41	32	Abbott Laboratories‡	39	+1¼	84c	—	1.3
17	13	Ahmanson (H.F.)	13	+¼	88c	—	4.0
32	24	Alcoa $1	32	+¼	$1.20	—	2.3
14	8	Amax $1	13	–	—	—	—
26	17	Amdahl 5c	23	+	20c	—	0.5
32	25	Amer. Cyanamid $5	29½	+	$1.90	—	3.9
25	18	Amer. Express $0.60	21xd	+	$1.44	—	4.0
12	10	Amer. Medical Int. $1	11	+	72c	—	4.0
17	14	American T. & T. $1	16¼	+	$1.20	—	4.5
63	46	Ameritech $1	53½	+1	$4.72	—	5.4
20	15½	Amlach	19	+	—	—	—
23	17	Anheuser-Busch $1	21xd	+	$2.00	—	5.7
68p	45p	AridTech‡	68p	+4	—	—	—
10	6	BankAmerica $1	7	–	—	—	—
33	25	Bankers N.Y. $10	33	+1	$1.66	—	3.1
652p	431p	BASIX Corp.	435p		12c	—	1.7
49½	36	Bell Atlantic $1	42¼	+	$3.84	—	5.5
26	21	BellSouth Corp.	25	+	$2.04	—	5.0
9	4	Bethlehem Steel $8	8		—	—	—

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
331½	305	PWS Holdings 10p	329	.....	†g9.25	2.9	3.9	12.3
400	315	Pearl Group 5p	391	–4	10.5	—	3.7	—
•£11¼	804	Prudential	£11½	+¼	29.0	—	3.6	—
530	439	Refuge 5p	525	.....	15.75	—	4.1	—
531	423	Royal	508	+11	15.5	—	4.2	—
•344	274	Sedgwick Group 10p	289	–1	12.0	1.7	5.7	12.3
269	207	Steel Burrill J.10p	260	.....	9.0	2.0	4.7	14.5
505	403	Stewart Wr. 20p	428	+3	13.0	2.0	4.3	14.8
468	377	Sturge Hldgs 20p	447	–1	6.0	2.5	1.9	29.1
998	645	Sun Alliance	998	+33	23.5	—	3.2	—
£12¾	929	Sun Life 5p	£11	.....	28.5	—	3.3	—
£69	£39	Taisho M EDR	£56	+¾	Q10%	—	0.7	—
£21¼	£14¾	Torchmark $1.00	£17¼	+⅛	Q60c	—	2.1	—
345	238	Trade Indemnity	345	+2	4.3	—	1.7	—
£34	£24¾	Travelers $1.25	£28	+¼	$2.28	—	5.0	—
£32	£20¾	USLIFE Corp. $1.0	£23¼	+⅛	Q$1.20	3.2	3.1	5.2
725	555	Utd Friendly B 10p	718	–3	21.0	—	4.0	—
464	367½	Willis Faber 12½p	437	+3	10.75	1.9	3.4	22.0
89	41	Windsor Secs. 10p	76	–1	†0.7	1.5	1.3	70.1

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
18½	11½	A & M Group 10p	27	+1	0.4	2.0	3.2	21.3
83½	69	A-R TV Pref. £1	83½	.....	5.95	48.1	11.7	—
242	189	Airtours 10p	242	.....	R5.4	2.5	3.1	17.6
•549	302	Anglia TV	459	+3	11.25	3.3	3.4	12.7
184	108	Aspinall Hldgs. 10p	149	–1	6.0	1.2	5.5	20.4
103	63	Avesco 1p	97	–1	1.05	6.6	0.7	24.9
48	40	BCE Hldgs 5p	47	.....	R1.0	3.0	2.9	15.6
195	132	Barr & W.A.T. 'A'	178	.....	8.0	1.4	6.2	14.5
207	165	Boosey & Hawkes	205	.....	—	—	—	—
83	45	Border T.V.	59	+3	†g2.5	3.2	5.8	14.8
•341	79½	Brent Walker 10p	341	+30	g8.5	2.2	4.0	16.5
•266	110	Campari Int. 20p	266	+10	3.0	5.1	1.5	13.6
261	211	Castle Comms. 5p	261	+4	97.0	2.2	3.8	16.6

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	83	.....
Craig & Rose £1	£17¼	+1
Finlay Pkg. 5p	94	+2
Holt (Jos) 25p	960	+5
IoM Stm. £1	118	.....
IRISH		
Fund 11¼% 1988	£100½	.....
Nat. 9¼% 84/89	£98½	.....
Fin. 13% 97/02	£110⅝	–1¼
Arnotts	333	.....
CPI Hldgs	57	.....
Carrol Inds.	141	.....
Dublin Gas	18	.....
Hall (R. & H.)	104	.....
Helton Hldgs.	32	.....
Irish Ropes	165	+5
Unidare	375	.....

TRADITIONAL OPTIONS

3-month call rates

Stock	p	Stock	p
Industrials		NEI	12
Allied-Lyons	40	Nat West Bk	65
Amstrad	20	P & O Dfd	65
BAT	55	Plessey	22
BOC Grp	45	Polly Peck	28
BSR	17	Racal Elect	24
BTR	30	RHM	30
Babcock	19	Rank Org Ord	70
Barclays	52	Reed Intnl	45
Beecham	50	STC	30
Blue Circle	50	Sears	15
Boots	25	TI	34
Bowaters	50	TSB	10
Brit Aerospace	55	Tesco	55
Brit. Telecom	32	Thorn EMI	70
Burton Ord	35	Trust Houses	24
Cadburys	22	Turner Newall	28
Charter Cons.	40	Unilever	300
Comm Union	30	Vickers	20
Courtaulds	45	Wellcome	42
FNFC	30	**Property**	
Gen Accident	95	Brit Land	25
GEC	24	Land Securities	45
Glaxo	200	MEPC	42
Grand Met	55	Peachey	45
GUS 'A'	175	**Oils**	
Guardian	90	Brit Petroleum	32
GKN	30	Britoil	32
Hanson Tst.	15	Burmah Oil	45
Hawker Sidd	50	Charterhall	6
ICI	125	Premier	11
Jaguar	52	Shell	110
Ladbroke	40	Tricentrol	11
Legal & Gen	32	Ultramar	24
Lex Service	45	**Mines**	
Lloyds Bank	50	Cons Gold	95
Lucas Inds	62	Lonrho	26
Marks & Spencer	22	Rio T Zinc	90
Midland Bk	55		
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun 1	Jun 11	Jun 12	Jun 22
Jun 15	Jun 25	Jun 26	July 6
Jun 29	July 9	July 10	July 20

* New time dealings may take place from 9.00 am two business days earlier.

PSBR figures spark good recovery in equities and Government securities

The UK securities markets again showed a somewhat erratic pattern yesterday as traders continued to scan the City horizons for signs of the promised cohorts of foreign buyers. The opinion of most dealers was that any overseas buyers active in London were operating with caution and trading selectively. Both gilts and equities saw some Continental interest, which could have originated in other global centres. But there was still no indication that the Japanese funds have yet returned to the UK markets. James Capel, the big London broking house, yesterday repeated in Tokyo its view that UK equities, having long discounted the outcome of the UK elections, may now drift easier for a month. "A sort of delayed sell in May," as one trader described it.

However, both Government securities and equities staged decisive decoveries from early falls yesterday, in a favourable response to the latest UK Public Sector Borrowing Requirement statistics.

The FT-SE 100 index ended 1.4 ahead at a new peak of 2,309.0, after showing a fall of 25 points at mid-session. Equities opened sharply down as a £630m rights issue call from BICC, Mr Robert Maxwell's printing group, fell on a market already discouraged by early softness in both sterling and UK gilts. The FT Ordinary climbed 7.9 to 1,794.5, also an all-time high.

With the pound uncertain and foreign buyers absent, the blue chip industrial stocks had little to show, even after the market rallied from its early fall. **Imperial Chemical Industries**, **Glaxo**, **Jaguar** and **Shell** either fell or stayed close to overnight levels. A firm exception, however, was **GEC**.

The features came once again from the financial stocks. **NatWest** shares surged ahead as the board announced £466m provision against sovereign debt loans. The other clearing bank issues improved, hoping for similar provisions, but with the notable exception of **Midland Bank**, which fell. Insurance stocks continued to advance sharply.

Despite the recent improvement on Wall Street, US-orientated issues made little headway in London. **British Petroleum** traded quietly and a substantial recovery in **Saatchi & Saatchi** was ascribed to UK rather than transatlantic buying.

British Gas gave ground ahead of today's trading statement, and **British Telecom** also signalled the absence of foreign buyers with a small loss. **British Airways**, **British Aerospace** and **Rolls-Royce** eased, following the trend of aircraft industry stocks.

Government bonds were sold down by ½ point in the first 30 minutes of business, reflecting a dull pound and lack of Japanese interest overnight. But prices had already steadied when the PSBR news brought a definite turn for the better. By the close, gains ranged to ⅜ at the long end, where the recent short positions had been cleared.

British Aerospace dipped 17 to 557p at Hoare Govett's analyst downgraded his profits forecast for the company against a background of concern about the impact of currency influences on earnings of the company's civil aircraft division. Some 5m shares changed hands with the reaction in the share price also being influenced by fears that other investment houses may be on the verge of similar moves.

On a brighter note, BAe announced yesterday an order for 10 Jetstream regional turboprop airliners from Presidential Airways of the US.

NatWest took the Banking sector by storm, rising some 50 points to 753p following the company's "clear the air" move regarding overseas debt provisions; the group has stated that debt provisions will be increased by £446m when the interim results are published next month, but the company still expects to report positive retained profits, albeit at a lower level for the same period last year. NatWest's move led to hectic trading among the major clearers with **Lloyds** rising 20 to 598p and **Barclays** touching 610p prior to closing 26 higher at 604p. **Midland Bank**, however, badly placed as regards overseas debts, fell 8 to 620p amid revived rights issue fears.

Composite Insurances continued to push forward following further UK institutional buying. **General Accident**, in which BZW were showing keen interest, rose ⅜ to £10 11/16. **GRE** gained a like amount to £10¾, while **Royals** put on 11 more to 508p. **Commercial Union** firmed 4 to 352p and **Sun Alliance** advanced 33 to 998p.

Life issues turned irregular. Overseas buying interest was noted for **Prudential**, up ¼ more at £11⅛, but **Legal and General** slipped 8 to 361p following profit-taking, while **Abbey Life** shed 7½ to 284p on rumours that the company's new business figures are disappointing. Among Lloyd's brokers, **Minet** closed 19 higher at 344p following the first-quarter figures.

There was considerable interest in the market debut of **Tie Rack**, whose shares were oversubscribed a massive 85 times at the offer price of 145p; with potential investors putting up around £1bn for the £12.5m worth of shares on offer, a hefty premium in first time dealings was ensured and this was duly realised in an opening price of 195p, a 50p premium; subsequent institutional buying took the price up to 202p before profit-taking clipped the quote back to 168p, still a first-day premium of 23. Elsewhere, industrial services group **Warner Howard** also began well with the price settling at 180p compared with a placing price of 130p.

J. A Devenish, the West country brewers, advanced 29 to 292p following the 74 per cent increase in first-half profits to £2.6m—a figure above City expectations. Analysts were quick to re-assess the group's prospects, particularly in the light of the chairman's statement which highlighted reduced dependence on the second half. Fresh interest was also noted for **Greene King**, another 10 to the good at 397p, although a certain level of nostalgic dismay is still being shown at the proposed closure of the group's picturesque Rayments brewery in Hertfordshire.

Although the subject of spasmodic demand, leading Buildings usually closed lower. **Blue Circle** settled 5 cheaper at 505p, while **Tarmac** gave up 5 at 321p. **Redland** enjoyed a good two-way business, but still closed a penny off at 532p. **BPB Industries**, reporting shortly, came back 11 to 853p. Elsewhere, **Wiggins** rose 7 to 282p following the full-year figures, proposed acquisition and rights issue. **Raine Industries** touched 136p pending details of an announcement, but subsequently eased back to close 5 higher on balance at 135p as the company revealed details of housebuilding expansion in the North East of England and not the hoped-for outright bid for Tilbury Group in which it holds a sizeable stake.

Leading Stores, initially nervous in the wake of Monday's provisional retail sales figures, staged a minor rally in the later business but still retained a decidedly irregular appearance.

Speculative activity dominated secondary counters. **Amber Day** touched 60p before settling 8 up on balance at 56p as a consortium headed by Irving Sellar increased its holding to just under 6.4 per cent. Takeover chatter was also noted for **Bentalls**, another 8 up at 175p, while **Ladies Pride** returned to favour with an advance of 13 to 100p. **Lee Cooper** were wanted ahead of this morning's annual meeting and finished 22 better at 455p. News of a bid approach lifted USM-quoted **Ryman** 39 to 190p.

Blacks Leisure, a firm market recently, reacted a couple of pence to 29p following news of the proposed £6.1m rights issue and agreed bid for **Gee/Rosen**, dealings in which resumed after being suspended on Monday. Blacks, which also revealed an increased full-year deficit, is offering 5 of its shares for every 2 Gee/Rosen.

Leading Electricals attracted a considerable amount of interest with GEC actively traded (13m shares) and closing 68 dearer at 243p. **Plessey** rose 5 to 226p in a volume of 8.3m shares. Persistent demand for **Ferranti** amid market talk of a possible bid from STC left the former 10 higher at 145p. **Wordplex** rose 9 to 147p as shareholders blocked the refinancing package which cleared the way for Apricot Computers to press home its bid for the company. **Apricot** were also firm at 118p up 7. In contrast, **Oxford Instruments**, awaiting today-s preliminary statement, met with nervous offerings and gave up 11 to 425p.

Molins featured in the Engineering sector with a jump of 40 to 285p on the unwelcome share exchange or cash offer from Tozer Kemsley. Encouraged by the chairman's annual statement at the meeting, **Simon Engineering** put on 9 to 360p, while **Ransomes Sims**, still reflecting F. H. Tomkins' 5.85 per cent stake firmed 6 more to 313p.

Both Food manufactures and distributors attracted revived support. Among the former, dealers reported a lively turnover in **anks Hovis Macdougall** which advanced 12½ to 352½p as hopes resurfaced of a bid from Australian group Goodman Fielder. Similarly **S. & W. Berisfor**, widely believed to be the target of Mr Gary Weston's **Associated British Foods**, improved 10 to 366p; the interim results are sceduled for tomorrow. In contrast, **Northern Foods** fell 13 to 312p, as the market saw little to go for despite fullyear profits at the top-end of expectations.

Retailers again finished around the session's best, with fresh attention being paid to **ASDA-MFI**, finally 7 up at 192p. Speculative support was again noted for **Kwik Save**, up another 16 for a two-day gain of 24 at 371.

Most leading miscellaneous industrials rallied from initial dullness to close a few pence better on balance. However, **Pilkington** were in renewed demand, particularly in the late dealings, and pushed ahead to close 17 dearer at 947p. Elsewhere, **Charter Consolidated** featured a rise of 21 at 461p in belated response to news of the sale of its 13.8 per cent stake in Malaysia Mining Corporation which raised some £38m.

Interest revived in **Cookson** which put on 22 to 709p, while **Crest Nicholson**, partly reflected the recent activity in the Building sector, continued to make progress and rose 19 more to 261p.

Motor Distributors, having made often spectacular progress recently, adopted a more cautious tone. Modest corrections were noted for **Glanfield Lawrence**, 117p and **T. Cowie**, 685p, while the company's attempts to quash takeover speculation left **Frank G. Gates** 57 lower at 223p. An exception was provided by **C.D. Bramall** which leapt another 20 to 390p. Elsewhere, **Dowty** closed 2 up at 280p following the acquisition of Hydraulic Units Inc for Boeing for $42.5m cash; Dowty's annual results are expected towards the end of the month, with current estimates ranging around the £55m level.

Mr Robert Maxwell's **British Printing Communication Corporation** fell 13 to 289p as the company announced a rights issue to raise approximately £630m net. If BPCC's bid for Harcourt Brace Jovanovich of the US is successful part of the funding will be used to finance the acquisition.

Elsewhere in the Publishing and Advertising sector, **Gold Greenless Trott** advanced 15 to 340p on the preliminary figures and acquisition news. Domestic demand pushed **Saatchi and Saatchi** up further to close 33 dearer at 668p.

Among Properties, **Asda** soared 80 to 745p following news of a bid approach, while **A. Caird** advanced 80 to 200p in a restricted market on details of stake switching and boardroom changes.

Textiles were featured by a rise of 25 to 315p in **Dawson International** following the good preliminary figures. Selective support elsewhere in the sector left **Allied** 12 dearer at 352p and **J. Haggas** 14 better at 199p.

Among energy stocks, **British Gas** shed 5½ to 190p awaiting today's full year figures. **British Petroleum** continued to lose ground at 351½p, down 5½ while **Shell** shaded to £13⅝.

With the US dollar less aggressively supported, gold mining shares steadied yesterday, but trading was very thin. Helped also by a calmer bullion price, the South African producer stocks ticked higher in late trading in London, with the abscence of pressure from New York helping the market mood.

Traded Options

Business in Traded Options, although reduced from recent active levels, still amounted to a respectable 61,170 contracts. **British Gas** attracted operators in front of today's preliminary figures with 6,866 calls and 3,224 puts struck. Dealers also reported substantial activity in **Hanson Trust**, **British Aerospace** and **Rolls-Royce** positions.

Traditional Options

- First dealings June 8
- Last dealings June 19
- Last declaration Sept 10
- For Settlement Sept 21

For rate indications see end of Unit Trust Service

Stocks to attract money for the call included **Burns Anderson**, **Sound Diffusion**, **Property Trust**, **J. Finlan**, **Stead and Simpson**, **Benjamin Priest**, **Ladies Pride**, **Norfolk Capital**, **Kwik Save**, **Vantage Securities**, **Gestetner**, **Campari**, **Bejam**, **Thomas Locker A**, **Charterhall**, **Rotaprint**, **Kellock**, **Pentland**, **Tie Rack**, **Talbex**, **Epicure**, **Raglan**, **Kalon**, **Eagle Trust**, **Spong**, **Top Value**, **Polly Peck** and **Wheway**. Puts were arranged in **Allied London Property**, **Bryant Holdings**, **Eagle Trust**, **Abaco**, **Bridon** and **Ladbroke**, while double options were transacted in **Mountleigh**, **Kalon** and **Atlantic Computers**.

FINANCIAL TIMES STOCK INDICES

	June 16	June 15	June 12	June 11	June 10	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	92.28	92.04	92.70	92.64	92.70	91.03	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.08	99.12	98.79	98.84	98.42	96.65	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1794.5	1786.6	1767.9	1740.8	1,752.2	1,326.0	1,794.5 (16/6)	1,320.2 (2/1)	1,794.5 (16/6/87)	49.4 (26/6/40)
Gold Mines	388.7	388.1	409.3	399.2	398.8	207.0	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.19	3.20	3.24	3.28	3.25	4.14				
Earnings Yld.%(full)	7.71	7.74	7.81	7.91	7.83	9.98				
P/E Ratio (net) (*)	15.99	15.93	15.79	15.58	15.76	12.19				
SEAQ Bargains (5 pm)	52,118	58,291	69,647	46,011	52,856	—				
Equity Turnover (£m)	—	1716.32	2362.83	1877.58	1637.50	628.50				
Equity Bargains	—	68,993	74.477	55,886	59,187	22,831				
Shares Traded (ml)	—	—	956.2	652.9	607.2	285.9				

S.E. ACTIVITY

Indices	June 15	June 12
Gilt Edged Bargains	160.7	216.0
Equity Bargains	447.0	482.6
Equity Value	3469.13	4775.9
5-Day Average		
Gilt Edged Bargains	173.2	164.0
Equity Bargains	402.2	384.2
Equity Value	3523.2	3256.7

♥ Opening 1775.5 | 10 a.m. 1770.1 | 11 a.m. 1777.2 | Noon 1786.5 | 1 p.m. 1790.2 | 2 p.m. 1793.3 | 3 p.m. 1788.9 | 4 p.m. 1792.3

Day's High 1794.5. Day's Low 1769.9. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.67.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	5,300	192	+7
Allied Lyons	1,500	444	−1
Amstrad	4,400	181	−6
Argyll Group	1,200	496	+1
Assoc. Brit. Foods	108	408	+2
BAT	2,400	594	−5
BET	1,700	288	+½
BOC	604	471	+2
BPB Inds	287	853	−11
BPCC	5,000	289	−13
BTR	1,600	334	+4
Barclays	9,600	604	+26
Bass	208	£10⅛	+⅛
Beecham	3,500	564	−4
Blue Circle	370	505	−5
Boots	3,300	300	−5
Brit. Airways	1,500	159½	−3
Brit. Aero	4,100	554	−20
Brit. & Comm.	261	462	−3
British Gas	32,600	190	−5½
Britoil	2,400	310½	−2½
BP	3,700	351½	−5½
Brit. Telecom	11,000	316½	−8
Bunzl	205	247	−2
Burton	2,100	356	−1
Cable & Wire	1,900	423	−2
Cadbury Schwps	2,700	275	+12
Coats Viyella	291	668	+17
Comm. Union	5,000	352	+4
Cons. Gold	877	£10¼	−⅛
Cookson	2,000	709	+22
Courtaulds	698	475	+4
Dee Corpn	1,800	255	+8
Dixons Grp	4,400	379	+2
English China Clays	309	485	−3
Fisons	1,700	384	−6
Gen. Accident	758	£10 11/16	+13/16
Gen. Elect	12,000	243	+8
Glaxo	888	£17½	—
Globe Investment	338	182½	—
Granada	113	347	+1
Grand Met	2,400	575	−2
Gas "A"	233	£14⅝	—
Guardian R.E.	722	£10 11/16	+13/16
GKN	1,600	328	−3
Guinness	1,142	387	−1
Hanson Trust	3,800	166½	−2
Hawker Sidd	899	518	+5
Hillsdown Hldgs	2,700	303	—
ICI	994	£14⅝	−⅛
Jaguar	3,000	549	−1
Ladbroke	463	432	−3
Land Securities	1,400	560	+7
Legal & Gen.	5,000	361	−8
Lloyds Bank	8,300	598	+20
Lonrho	313	278½	−1
MEPC	1,000	520	+12
Marks & Spncr	4,300	270	−4½
Midland Bank	5,800	620	−8
NatWest Bank	9,100	753	+50
Next	3,500	346	+1
Pearson	1,000	630	+1
P & O	1,300	702	−4
Pilkington Bros	2,000	947	+17
Plessey	8,000	226	+5
Prudential	952	£11⅛	+¼
Racal	2,600	267	+3
Rank Org	243	797	+15
RHM	2,000	352½	+12½
Reckitt & Col	28	£11¼	−⅛
Redland	806	532	−1
Reed Intl	2,300	488	+3
Reuters	1,000	843½	+4½
RMC	222	509	−5
RTZ	590	984	−9
Rolls-Royce	9,500	127	−7
Rowntree Mac	594	548	−1
Ryl Bank Scotland	639	364	—
Royal Insurance	1,600	508	+11
STC	1,300	315	−1
Saatchi & Saatchi	1,700	668	+33
Sainsbury	1,100	599	+4
Scott & Newcastle	1,000	255	—
Sears	6,100	166	−1
Sedgwick	761	289	−1
Shell Trans	1,500	£13⅝	−⅛
Smith & Nephew	2,300	183½	+2
Standard Chart	163	793	−2
Storehouse	1,000	300	+3
Sun Alliance	832	998	+33
TSB	9,900	100¼	+1
Tarmac	1,700	321	−5
Tesco	2,700	611	+12
Thorn EMI	1,095	747	−1
Trafalgar House	929	375	−2½
T'house Forte	1,700	266	—
Unigate	1,000	428	−2
Unilever	257	£32⅝	+⅛
United Biscuits	1,700	335	+3
Wellcome	438	434	−2
Whitbread "A"	138	360	−2
Woolworth	2,600	446	−9

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (358)

AMERICANS (4). BANKS (7). BREWERS (10). BUILDINGS (36). CHEMICALS (6). STORES (10). ELECTRICALS (22). ENGINEERING (21). FOODS (20). HOTELS (4). INDUSTRIALS (60). INSURANCE (4). LEISURE (8). MOTORS (7). NEWSPAPERS (55). PAPER (12). PROPERTY (36). SHIPPING (1). SHOES (4). TEXTILES (7). TRUSTS (66). OILS (5). MINES (3).

NEW LOWS (3)

LOANS (1) N'wide 3⅞pc IL Ln 2021. BANKS (1) Algemene. INDUSTRIALS (1) Fitzwilton.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	87	14	12
Corporations, Dominion and Foreign Bonds	4	11	44
Industrials	563	405	586
Financial and Properties	231	117	250
Oils	24	40	50
Plantations	0	2	12
Mines	48	58	82
Others	100	60	88
Totals	1,057	707	1,124

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Equity groups & sub-sections	Tuesday June 16 1987: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Mon June 15 Index No.	Fri June 12 Index No.	Thurs June 11 Index No.	Year ago (approx.) Index No.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Tues June 16	Day's change %	Mon June 15	xd adj. today	xd adj. 1987 to date
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Tues June 16	Mon June 15	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*442)	390	60	75	85	2½	7	11
	420	35	50	65	9	15	20
	460	13	28	42	30	35	43
Brit. Airways (*160)	140	23	31	45	5	10	11
	160	9	20	34	12	17	20
	180	3	14	22	23	26	30
British Gas (*190)	165	26	36	44	1	6	9
	180	18	28	37	7	13	15
	200	7½	16	26	17	23	25
B.P. (*352)	317	47	56	—	4	14	—
	330	37	46	58	10	20	24
	360	15	29	44	21	33	39
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Guinness (*386)	300	93	[illegible]	[illegible]	[illegible]	[illegible]	—
	330	63	[illegible]	[illegible]	[illegible]	[illegible]	12
	360	43	[illegible]	[illegible]	[illegible]	[illegible]	25
	390	23	[illegible]	[illegible]	[illegible]	[illegible]	37
Ladbroke (*430)	420	—	[illegible]	[illegible]	[illegible]	[illegible]	23
	443	19	[illegible]	[illegible]	[illegible]	[illegible]	—
	460	10	[illegible]	[illegible]	[illegible]	[illegible]	43
LASMO (*289)	240	59	[illegible]	[illegible]	[illegible]	[illegible]	17
	260	39	[illegible]	[illegible]	[illegible]	[illegible]	22
	280	29	[illegible]	[illegible]	[illegible]	[illegible]	33
	200	19	[illegible]	[illegible]	[illegible]	[illegible]	40
P. & O. (*702)	638	77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	688	42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	750	12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA

June 16	Price Sch%	+ or −
Creditanstalt	1920.00	+10
Goesser	2640.00	+20
Interunfall	10800	−300
Jungbunzlauer	7225	+15
Laenderbank	1765.00	+3
Perlmooser	688.00	+7
Steyr-Daimler	128.00	−3
Veitscher Mag	710.00	......

BELGIUM/LUXEMBOURG

June 16	Price Frs.	+ or −
B.B.L.	3240	......
Banque Gen. Du L.	15300	......
Bank Int. A	14300	......
Bekaert B	10225	+25
Ciment CBR	5220	......
Cockerill	182	+3
Delhaize	3200	+55
EBES	4900	+5
Fabrique Nat	1655	−25
GB Inno BM	1160	+10
GBL (Brux) L	3810	+35
Generale Bank	6160	−40
Gevaert	6700	−20
Hoboken	7160	+10
Intercom	3930	+10
Kredietbank	4500	......
Pan Holdings	12400	......
Petrofina	11225	−25
Royale Belge	5820	+70
Soc Gen Belge	3460	......
Sofina	13825	−50
Solvay	12400	−100
Stanwick Intl.	450	......
Tractebel	7300	......
UCB	9400	−180
Wagons Lits	5300	+100

DENMARK

June 15	Price Kr %	+ or −
Baltica Skand	970.00	......
Cop Handelsbank	291.00	......
D. Sukkerfab	358.00	......
Den Danske Bank	365	......
East Asiatic	204.00	......
Forenede Brygg	860	......
GNT Holding	260.00	......
I.S.S.B. Systems	780.00	......
Jyske Bank	550	......
Novo Inds.*	255.00	......
Privatbanken	275.00	......
Sophus Berendsen	954.00	......
Superfos	231.00	......

FINLAND

June 16	Price Mks	+ or −
Amer	222.50	+1.5
KOP	50.25	−0.5
Kone	223.00	−2.5
Finnish Sugar	91.50	−1
Nokia	167.50	−1.5
Pohjola 'B'	83.45	+0.5
Rauma-Repola	28.25	+1
Stockmann 'B'	246.00	+2.5
UBF 'C'	33.45	+0.4
Utd. Paper	151.50	......
Wartsila (s11)	211.50	−4

FRANCE

June 16	Price Frs.	+ or −
Emprunt 4½% '73	1920	−1
Emprunt 7% 1973	8920	+50
Accor	463.50	−2.5
Agence Havas	538.00	−5
Air Liquide	685	+9
BIC	712	+17
BNP (Cert. Inv.)	548	−2
Bongrain	2770	+60
Bouygues	1050	−20
BSN Gervais	4970	−10
CIT-Alcatel	2495	−15
Carrefour	3250	−18
Club Mediterranean	636.00	+16
Cie Bancaire	709	+4
Cofimeg	374.00	+5
CGE	326.00	−1
Damart	2798	−7
Darty	418	......
Dumez S.A.	2220	+20
Eaux (Cie Gen)	1212	−38
Elf-Aquitaine	372.00	−4
Essilor	3624	+38
Gen. Occidentale	1155	−22
Imetal	121.60	−1.4
Lafarge Coppee	1570	−19
L'Oreal	4200	......
Legrand	5580	−40
Maisons Phenix	78.00	+0.5
Matra S.A.	2330	−15
Michelin B	3310	+50
Midi (Cie)	1405	−14
Moet-Hennessy	2555	−30
Moulinex	95	−6
Nord Est	172.50	−1.4
Paribas	479.50	+2.5
Pernod Ricard	1017	−10
Perrier	791	+21
Petroles Fra	497.00	+1
Peugeot S.A.	1546	+16
Printemps Au	735.00	+9
Radiotech	1497	−38
Redoute	3000	−12
Roussel-Uclaf	1510	+11
St. Gobain	433.50	−0.5
Sefimeg	500	+8
Skis Rossignol	1205	−6
Telemech Elect	2925	−45
Thompson (CSF)	1424	......
Valeo	579.00	−6

GERMANY

June 16	Price Dm.	+ or −
AEG	312.00	−0.5
Allianz Vers	1719.00	+104
BASF	299.50	−1
Bayer	325.50	+2.5
Bayer-Hypo	397.00	−2.5
Bayer-Verein	395.00	+4
BHF-Bank	422.00	+12
BMW	640.00	−1
Brown Boveri	313.00	+1
Commerzbank	262.50	+4
Cont'l Gummi	332.60	+0.6
Daimler-Benz	1043.80	+8.8
Degussa	475.00	+1
D'sche Babcock	214.00	......
Deutsche Bank	594.50	+14
Dresdner Bank	314.90	+4.9
Feld Muehle Nob	301.00	−2
Henkel	524.60	−0.2
Hochtief	639.20	+2.2
Hoechst	287.00	+4
Hoesch Werke	120.20	+0.8
Holzmann (P)	380.50	−0.5
Horten	222.00	+4
Hussel	519.50	+4.5
Karstadt	436.50	+2
Kaufhof	489.00	......
KHD	175.50	+4.5
Kloeckner	43.00	−0.5
Linde	696.00	−2
Lufthansa	181.00	+1.5
MAN	170.50	+4
Mannesmann	156.50	−0.8
Mercedes Hld.	904.00	+21
Metallgesell	321.00	+1
Muench Rueck	1640	+50
Nixdorf	795.00	+2.5
Porsche	955.00	+12
Preussag	147.00	−4
Rhein West Elect.	210.50	−2.5
Rosenthal	246.00	+5.8
Schering	570.00	+10
Siemens	711.50	+3.5
Thyssen	119.80	+2.6
Varta	330.00	+2
Veba	312.50	−2.5
V.E.W.	172.50	+2.5
Verein-West	405.00	+7
Volkswagen	384.50	+0.5

ITALY

June 16	Price Lire	+ or −
Banca Com'le	23685	+115
Bastogi-IRBS	673.00	+15
CIR	6275	+375
Credito Italian	2145	+65
Fiat	13080	+340
Generali Assicur	136100	+3400
Italcementi	99000	+1300
La Rinascenti	1290	+40
Montedison	2600	+99
Olivetti	13680	+380
Pirelli Co	6710	+210
Pirelli Spa	5315	+155
Saipem	3755	−5
Snia BPD	3812	+113
Toro Assic	33800	+1310

NETHERLANDS

June 16	Price Fls.	+ or −
ACF Holding	61.50	+0.5
AEGON	87.20	+1
Ahold	93.00	+0.5
AKZO	138.70	+1.8
ABN	458.0	+0.5
AMEV	62.50	+1.7
AMRO	72.00	+0.8
Bredero Cert	33.00	+0.5
Buehrmann-Tet	50.60	−1
Dordtsche Petroleum	242.20	−0.3
Elsevier Ndu	53.00	+3.3
Fokker	51.50	+2.1
Gist Brocades	44.00	+0.9
Heineken	173.50	+5.5
Hoogovens	41.50	−0.3
Hunter Douglas	50.00	......
IHC Caland	20.50	+0.5
Int Mueller	63.50	+1.5
KLM	49.80	−1
KNP	143.00	+1.3
Nat Ned Cert	67.50	+1
Ned Mid Bank	155.50	+0.5
Ned Lloyd	197.00	+4
Oce Grinten	418.00	......
Ommeren (Van)	35.30	+0.3
Pakhoed	71.00	−0.7
Philips	48.00	−0.1
Robeco	106.00	−0.2
Rodamco	146.60	+0.2
Rolinco	99.30	−0.3
Rorento	52.50	−0.1
Royal Dutch	262.80	−1.7
Unilever	690.00	−2.3
VMF Stork	23.30	−0.3
VNU	83.90	+5.1
Wessanen	83.70	−0.3
Wolters Samsom	137.50	−2.5

NORWAY

June 16	Price Kroner	+ or −
Aker-Norcem	73.00	......
Bergen bank	171.00	−0.5
Bergesen B	382.50	+2.5
Christiania Bk	180.00	−2
Den Norsk Credit	152.000	−1.5
Elkem	103.00	−1
Kosmos	140.00	......
Kvaerner	207.50	−2
Norsk Data	219.00	+2
Norsk Hydro	202.50	+1
Orkla Borregaar	392.00	+8
Storebrand	349.50	−0.5

SPAIN

June 16	Price Pts.	+ or −
Banco Bilbao	1292.00	−50
Banco Central	1005.00	......
Banco Exterior	440.00	......
Banco Hispano	490.00	......
Banco Popular	1460.00	+44
Banco Santander	1142.00	......
Banco de Vizcaya	1775.00	......
Banesto	749.00	−1
Dragados	736.00	−6
Hidrola	73.50	+0.3
Iberduero	104.20	−0.8
Petroleos	519.00	+3
Telefonica	185.00	−1.2

SWEDEN

June 15	Price Kronor	+ or −
AGA (free)	196.00	......
Alfa-Laval	317.00	......
ASEA (Free)	333.00	......
Astra (Free)	285.00	......
Atlas Copco	176.00	......
Beijer A Fria	229.00	......
Cardo (Free)	235.00	......
Cellulosa	350.00	......
Electrolux B	293.00	......
Ericsson	268.00	......
Esselte	147.00	......
Mo Och Domsjo	378.00	......
Pharmacia	200.00	......
Saab-Scania (free)	612.00	......
Sandvik	172.00	......
Skandia	156.00	......
Skan Enskilda	128.00	......
SKF	352.00	......
St. Kopparbergs	393.00	......
Svka Handelsbn	465.00	......
Swedish Match	104.00	......
Volvo B (Free)	314.00	......

SWITZERLAND

June 16	Price Frs.	+ or −
Adia Intl.	11300	+200
Alusuisse	648	+20
Bank Leu	3075	+100
Brown Boveri	2260	+60
Ciba Geigy	3330	+40
do. (PtCts)	2325	+75
Credit Suisse	3000	+25
Elektrowatt	3480	−20
Fischer (Geo.)	1490	+15
Hoff-Roche (Pt Cts)	127500	+1250
Hoff-Roche 1/10	12875	+125
Jacobs Suchard	8625	+75
Jelmoli	3400	−50
Landis & Gyr	1590	+60
Nestle	9025	+125
Oer-Buhrle	1240	+30
Pargesa Hldg	2100	+25
Pirelli	406	+6
Sandoz (Br)	12100	+200
Sandoz (PtCts)	1975	+45
Schindler (PtCts)	860	+10
Sika	1500	−10
Surveillance	6225	+25
Swissair	1385	......
Swiss Bank	429	+5
Swiss Reinsce	15800	+400
Swiss Volksbk	1995	+20
Union Bank	4620	+170
Winterthur	6175	+175
Zurich Ins	6450	+150

AUSTRALIA

June 16	Price Aust$	+ or −
ACI Int.	4.05	+0.1
A.F.P.	2.48	−0.02
Adelaide Steams	9.00	−0.2
Amcor	4.65	+0.1
ANZ Group	4.20	......
Ampol Pet	3.00	......
Ariadne Aust	3.12	−0.08
Ashton	3.65	−0.1
Aust Guarant	2.70	......
Aust Nat Inds	1.95	......
Bell Group	8.36	......
Bell Resources	4.40	+0.15
Bond Corp Hldgs	2.40	+0.04
Boral	5.06	......
B'ville Copper	4.58	−0.02
Brambles Inds	10.20	+0.1
Bridge Oil	1.50	+0.05
BHP	9.98	......
BHP Gold (rts.)	1.38	+0.02
Burns Philp	4.45	......
CRA	9.54	−0.02
CSR	4.00	+0.05
Chase Corp	2.85	......
Claremont Petro	1.05	−0.05
Coles Myer	7.20	−0.04
Comalco "A"	3.45	−0.2
Consolidated Pet	0.20	−0.05
CostainAust	2.80	......
Elders IXL	4.45	−0.09
Energy Res	2.55	+0.05
Gen Prop Trust	3.30	−0.08
Goodman Fielder	3.95	−0.05
Hardie (J.)	3.40	+0.02
Hartogen Energy	3.20	−0.1
ICI Aust	4.15	+0.05
Industrial Equity	4.86	−0.04
Jimblana (50cFP)	0.57	......
Kia Ora Gold	1.05	−0.05
Kidston Gold	7.20	−0.36
Lend Lease	14.20	−0.2
MIM	2.35	−0.1
Mayne Nickless	4.55	......
Nat. Aust. Bank	4.72	−0.03

AUSTRALIA (Continued)

June 16	Price Aust$	+ or −
News	19.50	−0.7
Noranda Pacific	3.55	+0.1
North Bkn Hill	3.00	......
Oakbridge	0.58	......
Pacific Dunlop	5.00	−0.06
Pancont'l	3.82	−0.03
Pioneer Conc	3.40	+0.05
Placer Pacific	3.80	−0.05
Poseidon	5.10	−0.1
Queensland Coal	1.45	......
Santos	6.60	−0.1
Smith (H.)	5.16	+0.06
Thos Nationwide	4.52	......
Tooth	7.80	......
Vamgas	3.70	......
Western Mining	6.54	−0.38
Westpac	4.96	−0.08
Woodside Petrol	2.20	......
Woolworths	3.35	−0.05
Wormald Intl	3.50	+0.05

HONG KONG

June 16	Price H.K.$	+ or −
Bank East Asia	24.70	+0.5
Cathy Pacific	6.55	+0.15
Cheung Kong	13.30	+0.7
China Light	23.10	+0.1
Evergo	0.67	−0.03
Hang Lung	14.80	+0.6
Hang Seng Bank	37.00	+0.5
Henderson Land	7.00	+0.1
Hong Kong China	16.90	+0.1
HK Electric	9.65	......
HK Land	7.10	+0.05
HK Shanghai Bank	8.35	......
HK Telephone	14.10	−0.1
Hutchison Wpa	12.6	......
Indust Equity P	21.00	+0.5
Jardine Math	18.90	+0.5
New World Dev	12.30	−0.1
SHK Props	16.9	......
Shell Elec. Mfg.	1.48	+0.05
Swire Pac A	22.70	+0.5
TV-B	13.90	+0.2
Wharf Hldgs	8.90	+0.1
Windsor Ind.	11.60	+0.1
World Int Hldgs	4.12	−0.05

JAPAN

June 16	Price Yen	+ or −
Ajinomoto	3580	+50
All Nippon Air	1910	−20
Alps Electric	2260	−80
Asahi Chemicals	1220	+20
Asahi Glass	2090	......
Bank Tokyo	1790	−10
Bridgestone	1150	−10
Brother Inds.	655	+2
Canon	940	−6
Casio Computers	1270	−40
Chugai Pharm	1950	+50
Daiei	1850	+50
Dai Ichi Kan Bank	4010	−40
Dai Nippon Ink	757	−6
Dai Nippon Ptg	2340	−30
Daiwa House	2450	+30
Daiwa Sec	3350	−20
Eisai	1990	+90
Fanuc	5480	−70
Fuji Bank	3950	−50
Fuji Film	3500	−50
Fujisawa	2070	+80
Fujitsu	1100	−40
Fujisawa Elect	772	−22
Green Cross	2760	+70
Heiwa Real Est	1830	−20
Hitachi	1110	−20
Hitachi Credit	1750	−50
Honda	1740	−10
Indl Bank Japan	5150	−160
Ishikawajima Ha	738	+6
Isuzu Motors	381	−8
Itoh (C)	815	−11
Ito Yokado	4070	+170
JAL	15200	−300
Jusco	1420	−30
Kajima	1920	−10
Kao Soap	2150	......
Kawasaki Steel	280	+11
Kirin	2890	−10
Kobe Steel	298	+1
Komatsu	620	−40
Konishiroku	807	+17
Kubota	610	−9
Kumagai	1170	+20
Kyoto Ceramic	5430	−80
Marubeni	565	......
Marui	3490	+140
Mazda Motors	433	−1
Meiji Seika	1140	......
MEI	2000	−60
M'bishi Bank	3950	......
M'bishi Chem	1200	+30
M'bishi Corp	1460	+20
M'bishi Elec	594	−9
[illegible]	3010	......
[illegible]	600	......
Mitsui Bank	2790	−50
Mitsui Co.	833	−1
Mitsui Estate	2860	+30
Mitsui Toatsu	783	+13
Mitsukoshi	1740	+30
NGK Insulators	955	......
Nikko Sec	2670	−30
Nippon Denso	1600	−30
Nippon Elect	1960	−30
Nippon Express	1420	−10
Nippon Gakki	1640	−60
Nippon Kogaku	845	−4
Nippon Kokan	317	+1
Nippon Oil	1340	−20

JAPAN (Continued)

June 16	Price Yen	+ or −
Nippon Seiko	545	+7
Nippon Shimpan	1400	+30
Nippon Steel	363	+2
Nippon Suisan	652	+14
Nippon Yusen	649	−3
Nissan Motor	725	−15
Nisshin Flour	1350	+50
Nomura	5290	−40
Olympus	1160	...
Onoda Cement	808	−12
Orient Finance	1650	−20
Orient Leasing	3990	+30
Pioneer	2600	−100
Ricoh	1010	−40
Sankyo	1950	+60
Sanwa Bank	3330	−70
Sanyo Elect	510	+12
Sapporo	2200	−10
Sekisui House	2530	+50
Seven-Eleven	8300	+10
Sharp	1080	−20
Shimizu Const.	1060	+20
Shionogi	1780	+20
Shiseido	2130	+60
Showa Denko	687	+15
Sony	3780	−100
S'tomo Bank	4710	−50
Sumitomo Chem	956	+6
Sumitomo Corp	1140	−40
S'tomo Elect.	1760	−30
S'tomo Metal	250	+8
Taisei Corp	1190	+10
Taisho Marine	1340	......
Taiyo Kobe Bank	1800	−10
Takeda	3400	+50
TDK	3740	−40
Teijin	850	−1
Toa Nenryo Kyo	2120	+20
Tokai Bank	2530	−20
Tokyo Marine	2520	−30
Tokyo Elect Pwr	7710	−60
Tokyo Gas	1280	......
Tokyu Corp	2050	+50
Toppan Print	1720	−20
Toray	750	+6
Toshiba Elect	730	−10
Toyo Seikan	2480	−40
Toyota Motor	2000	−20
UBE Inds	495	−13
Victor	2950	−50
Yamaha	890	+1
Yamaichi Sec	2720	−10
Yamanouchi	4160	+160
Yamazaki	1730	......
Yasuda Fire	1360	+10

SINGAPORE

June 16	Price $	+ or −
Boustead Hldgs	1.90	+0.04
Cerebos Pacific	5.55	+0.2
Cold Storage	4.48	+0.08
DBS	13.70	......
Genting	6.50	......
Haw Par Bros	4.84	−0.02
Hong Leong Fin.	4.30	−0.02
Inchcape Bhd	5.10	−0.05
Keppel Shipyard	3.60	+0.02
Malay Banking	7.70	......
Malayan Utd. Ind.	2.45	......
Multi Purpose	0.91	−0.02
OCBC	9.45	......
OUB	4.48	+0.02
Public Bank	2.58	+0.06
Sime Darby	3.38	......
Singapore Air	13.20	−0.1
Singapore Press	8.20	......
Straits Trading	4.22	......
Tat Lee Bank	3.46	......
UOB	5.60	......

SOUTH AFRICA

June 16	Price Rand	+ or −
Abercom	3.30	−0.1
AE & CI	18.25	......
Allied Tech	152.00	......
Anglo Am Coal	35.00	......
Anglo Am Corp	83.00	+0.25
Anglo Am Gold	365.00	+5.5
Barclays Bank	21.50	+1
Barlow Rand	25.25	−0.5
Buffels	74.00	......
CNA Gallo	4.45	......
Currie Finance	5.70	......
De Beers	39.00	+0.5
Driefontein	81.25	+0.75
Freegold	51.75	−0.25
Gold Fields SA	74.00	−2.4
Highveld Steel	7.00	......
Malcor Hldgs	19.25	−0.25
Nedbank	8.50	+0.15
OK Bazaars	18.25	......
Rembrandt	15.00	......
Rust Plat	54.25	−1.37
Safren	27.00	......
Sage Holdings	17.25	......
SA Brewers	19.00	+0.25
Smith (C.G.)	43.75	......
Tongaat Hulett	12.10	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Prices at 2.30pm June 16

MONTREAL

Closing prices June 15

Indices

NEW YORK

LONDON – Most Active Stocks

Tuesday, June 16, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
British Gas	32.00m	188	− 5½	Rolls Royce	9.58m	127	− 7
Gen Elect	12.68m	243	+ 8	NatWest Bank	9.10m	753	+50
British Telecom	11.08m	316½	− 8	Lloyds Bank	8.30m	598	+20
TSB	9.98m	188½	+ 1	Plessey	8.08m	226	+ 5
Barclays	9.60m	894	+28	Sears	6.10m	109	− 1

TOKYO – Most Active Stocks

June 16, 1987

LONDON Chief price changes

(in pence unless otherwise indicated)

RISES:

Amber Day	56	+ 8
Asda Prop	745	+80
Brent Walker	341	+30
Caird (A)	200	+80
Charter Cons	416	+21
Crest Nicholson	261	+19
Dawson Intl	315	+25
Devenish (JA)	292	+29
General Accident	£10⁷⁄₁₆	+¹³⁄₃₂
Lloyds Bank	598	+20
Mers. Dock Un.	80	+16
Molins	285	+40
NatWest Bank	753	+50
Pilkington Bros	947	+17
RHM	352½	+12½
Raine Inds	135	+ 8
Raymann	190	+39
Saatchi & Saatchi	668	+ 9
Simon Eng	360	+ 9
Sun Alliance	998	+33

FALLS:

British Aero	554	−20
British Gas	190	− 5½
BP	351½	− 5½
BPCQ	289	−13
Gates (FG)	223	−57
Northern	312	−13
Ultramar	255	− 9

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Continued from Page 45

Stock	Sales (Hnds)	High	Low	Last	Chng
O O					
OMI Cp	57 445	5⅛	4⅞	5⅛	+ ⅛
OMIpf	17	19⅝	19¼	19⅝	
OgilGp .84	18 238	32¼	32	32	− ¼
OhioCas1.68	10 554	47½	47¼	47¼	
OldKnts .80	8 391	22⅝	21½	22½	+ ¾
OldRep .80	12 358	30⅜	30⅛	30⅛	
Omnicm .98	227	24⅞	24⅞	24⅞	
OneBc .32	7 337	18¼	17⅞	18	− ⅛
OpticC	43 92	18⅞	18½	18½	− ⅛
OpticR	26 352	25¾	25¼	25½	
Oracles	69 1499	24½	22½	24	+ 1½
Orbit	13 218	10¼	10⅛	10⅛	
OshBA .54	25 50	79½	78	78	− 2
OshkTB .30	10 75	29¾	29¼	29½	+ ¼
OttrTP 2.92	13 38	42	41¾	42	
OwenMn.32	14 527	18¾	18	18¾	+ ½
P Q					
PACE	102	6¾	6½	6½	
PCS	51 26	27¾	27¼	27¼	− ½
PNC 1.68	10 843	48	47⅛	47¾	+ ⅜
RadSys	14 197	9¾	9½	9⅝	
Rainer 1.18	15 823	u52½	51⅝	52½	+ ⅞
Reeves	17 435	10⅛	9⅞	10	
RgcyEl .20	234	5⅞	5¾	5⅞	
Regina	29 8	38¼	38¼	38¼	
RnlCtrs	32 46	22	21½	22	+ ½
Repign	77	21½	20½	20½	− 1
RepAm.20e	10 1073	17	16¾	16¾	
ReutrH .59e	3983	u84¼	83¼	83⅝	+ ⅜
Rexon	28 192	10⅞	10⅛	10¼	− ⅛
ReyRy .76	17 746	36¾	36⅜	36¾	+ ¼
RhonPl	19	31¾	31¾	31¾	
Ribilm	798	10¾	10⅝	10⅝	− ⅛
RchmHl	91	16¼	16	16⅛	+ ⅛
RiggsN1.10	11 6	27¼	27	27¼	
RoadSv1.10	21 739	38	36¾	37½	+ ½
RochCS	195	13¾	13⅜	13½	− ⅛
RgrCbA	209	15⅛	14¾	15⅛	
RsvltFd tFd	38	9¼	9⅛	9⅛	
RoseBs.16a	16 136	19¼	18½	19	+ ½
Rosptch.15j	98	19¼	18¾	19	− ½
RossStr	1174	8½	8⅜	8⅜	− ⅛
Rouses	40 56	24	23¾	24	
RyanFs	57 1512	14	13½	13¾	+ ⅛
SCarNs .56	11 72	23	22¾	22¾	
Sounet	27 34	20½	20	20½	− ¼
SthdFn	80	8⅞	8¾	8⅞	+ ⅛
Soutrst .80	10 46	22⅞	22⅝	22⅞	+ ¼
Sovran 1.36	10 2329	36	34½	36	+ 1¼
Speedy	59 154	44½	44⅜	44⅜	
StdMic	425	14	13⅞	14	+ ⅛
StdRegs .44	19 49	22¼	21¾	22¼	+ ¼
StrptSv1.43t	83	14½	14	14¼	
Stars	385	11¾	11	11¾	+ ⅛
StaStBs .40	15 314	31¾	31½	31⅝	− ⅛
Strlinc	14 78	23½	23	23	
Stwinf .76	9 25	20	19¾	19¾	− 1
Stratus	53 1032	39½	37¼	39	+ 1¼
StrwbCL.83b	15 6	44½	44½	44½	
Strykrs	34 288	u24½	23½	24	+ ¼
StudLvt	70	68¾	68¾	68¾	
Subaru .38	8 1385	13¼	13⅛	13¼	
SuffFin .20	15 294	15⅜	14¾	15⅜	+ ⅜
SumtB .72	14 68	29	28¼	29	+ ¾
SunGrd	298	17¾	17	17¼	− ¼
SunMic	39 12571	40⅝	38⅞	40	+ 1½
Sunwsts 1	9 21	30½	30	30	− 1
SymbT	51 1181	29¾	27	28½	− ¾
Symblic	485	4⅝	4⅛	4¼	− ⅛
US Bcs .88	11 3380	28⅛	27¾	27¾	− ⅜
US HltC .16	18 3235	13	12½	12⅞	+ ¼
US Sur .40	24 342	31⅜	30¾	31¼	+ ⅜
US Trs 1	12 165	36⅞	36¾	36⅞	− ⅜
UStatn .24	19 86	18	17¾	18	+ ¾
UVaBk 1.04	11 100	32¼	32⅛	32¼	+ ⅛
UnvFrs	17 287	17⅞	17¼	17¾	− ¼
UnvHlt.33e	19 163	7¾	7½	7¾	+ ⅛
V V					
VBand	28 538	30	27½	29¼	+ 1¾
VLI	418	4⅝	4½	4½	− ⅛
VLSI	280 2646	14	13¾	14	+ ⅝
VM Sfts	31 1923	24½	23	24½	+ 1¼
ValidLg	244 442	5	4⅞	4⅞	− ⅛
ValFSe	5 33	15	14½	15	
ValNtl 1.44	8 643	40⅞	39⅞	40¾	+ ⅝
Vicorp	29	10	9⅞	9⅞	− ⅛
ViewMs	21 18	15¼	15	15¼	
Viking	13 27	16¾	16¼	16¾	+ ¼
Vipont	94 94	17	16¾	17	
Viratks	70	11¼	10¾	11	− ¼
Volvo 1.23e	43	49¾	49½	49¾	+ ⅛

Prices at 3.00pm, June 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅝	20⅛	AAR	s	.50	1.5	23	153	33⅝	33	33⅝	+⅜
37	21⅞	ADT		.92	2.9	18	52	32¼	32	32	−¼
27¾	16¾	AFG	s	.16	.6	12	x358	26⅞	26¼	26⅞	+⅝
22⅝	8⅝	AGS	s			19	402	16⅝	16⅛	16⅝	−⅛
9⅜	4⅞	AM	intl				1167	7¼	7⅛	7¼	+⅛
62⅞	47¼	AMR				13	1647	60	59⅝	59¾	−⅜
11¾	8	ARX	s			12	139	10⅞	10½	10⅝	
73½	28¾	ASA		2a	3.5		529	58⅝	57½	57⅝	−⅜
20	9¾	AVX			1.8	69	60	17¾	17⅝	17¾	−⅛
67	41	AbtLab		1	1.5	27	3953	65⅛	64	64⅞	
25⅛	16⅝	AccoWs		.44	1.8	22	297	24¼	23⅞	24⅛	+⅛
15⅛	9	AcmeC		.40	3.0	10	125	13⅜	13¼	13⅜	
8⅜	6⅛	AcmeE		.32b	4.1	30	30	7¾	7¾	7¾	
23⅞	19	AdaEx		3.42e	16.		79	21⅞	21⅝	21¾	
19½	11⅜	AdmM	s	.24	1.4	13	33	17	16⅞	16⅞	−⅛
23½	12⅛	AdvSys		.62t	2.7	17	246	23¼	23	23	
24½	12⅞	AMD					7247	20⅛	19⅝	20	−¼
54¾	49⅝	AMD	pf	3	5.8		10	52	51¾	51¾	−⅜
10¾	5¼	Adobe					150	9¼	9	9	
20½	13¾	Adob	pf	1.84	9.7		13	19⅜	19	19	
21⅞	16⅜	Adob	pf	2.40	12.		15	20⅝	20⅜	20⅜	−⅛
16⅛	10⅜	Advest		.12e	.9	9	68	12⅞	12⅝	12⅞	+⅛

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
47⅞	31⅛	Witco s	1.12	2.7	14	152	42¼	41¾	41⅞	−¼
14	8⅛	WolvrW				39	12⅝	12½	12½	−⅛
54⅞	37	Wlwth	s1.32	2.5	15	1079	54⅛	53¼	53⅝	−⅝
154¼	108	Wolw	pf2.20	1.4		16	153	152	152	−2½
7⅛	2	WrldAr				3	6⅝	6⅝	6⅝	+⅛
19¾	14⅝	WrldVl n				57	18	17¾	17¾	−⅛
54	39⅞	Wrigly	s1.04	2.1	18	166	51	50⅛	50½	−⅛
3⅞	1⅞	Wurlitzr				17	2⅝	2⅝	2⅝	
18⅞	11	WyleLb	.32	1.9	34	161	16⅞	16¾	16⅞	−⅛
25¾	16	Wynns	.60	3.3	13	30	18⅝	18	18⅝	+⅜
		X Y Z								
81¼	48⅝	Xerox	3	3.8	19	1396	79⅞	79½	79¾	
58¾	54⅝	Xerox	pf5.45	9.9		15	55⅛	55	55	−⅛
28¾	21½	XTRA	.64	2.5		80	26¼	25⅞	26	+⅛
25½	15	YorkIn			16	45	25⅜	25	25⅜	+⅛
6	2¼	Zapata				167	4⅝	4½	4½	
43⅞	20¾	Zayre	.40	1.4	18	8302	29½	28⅞	29	−⅝
14⅝	9¾	Zemex	.40	3.1	6	31	13¼	12¾	13	−¼
29¾	18⅞	ZenithE				1037	28⅞	28⅜	28⅜	−½
17½	8	ZenLab				522	10⅜	10¼	10¼	−¼
19½	12⅝	Zero	.36	2.3	16	2161	16⅞	15¼	16	−1
52½	32¾	Zurnin	1.36	2.6	18	181	52	51½	51⅞	−⅛
10⅝	6¾	Zweig	n.10e	1.1		644	9¼	9	9⅛	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3.00pm, June 16

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 43

FINANCIAL TIMES
WORLD STOCK MARKETS

AMERICA

Narrow gain as inflation fears start to recede

WALL STREET

LACKING direction, Wall Street stock and bond prices drifted yesterday in light trading, *writes Roderick Oram in New York.*

Credit markets were unaffected by a slight weakening of the dollar housing-start figures and the continuing rise in oil prices.

At 3pm the Dow Jones Industrial Average was up 5.92 points at 2,397.46.

The index traded listlessly through the morning in a narrow range a few points either side of the previous day's close. Investors appeared reluctant to challenge the 2,400 level in a week likely to be affected by options and future expirations.

On the New York Stock Exchange, declining issues narrowly outnumbered those advancing by early afternoon on volume of under 100m shares.

Among blue chips, Chevron rose $⅝ to $59⅝, Du Pont gained $1¼ to $115⅝, Goodyear Tire & Rubber added $1⅛ to $67⅛, Merck advanced $1 to $166, AT & T was unchanged at $26½ and Mobil gained $⅝ to $50⅝.

Southland soared $7¼ to $63¾ on 2.4m shares by early afternoon, making it the most active NYSE issue.

The 7-Eleven convenience stores group said it knew no reason for the activity in its stock. It added, however, that it was studying various forms of restructuring. The group has been the subject of repeated takeover rumours in recent months.

Dayton Hudson, another stores chain rumoured to be a takeover candidate, gained $1⅛ to $54½ on 1.2m shares making it the third most active NYSE stock.

Aldus rocketed to $34½ on its first day of trading from a flotation price of $20. Trading volume in the first hour and a half exceeded the 2.24m shares issued.

The company, which produces a successful desktop publishing software system called "Pagemaker", has been boosted by a number of recent press articles and rumours of a takeover by Microsoft, a competing software producer.

Digital Computer slipped $⅝ to $165⅝. It cut prices on some of its models and introduced several new ones. IBM, which also announced a number of new products yesterday, gained $2⅛ to $161⅞.

Gannett jumped $2 to $55 after saying it would make an announcement about its USA Today newspaper later in the day. Analysts expected it to report that USA Today, one of only a handful of national newspapers, would be profitable sooner than expected. It was launched in September 1982.

Manufacturers Hanover was unchanged at $44⅞. It added $1.7bn to reserves for Third World loans which will result in a loss of $1.4bn in the second quarter.

Mellon Bank added $1⅜ to $36½. Late on Monday it announced a $415m addition to loan-loss reserves which will cause a second-quarter loss of about $500m.

Northrop fell $1⅛ to $40⅝. It said it would report a second-quarter loss after a $124m pre-tax write-off which appeared to stem from its Stealth bomber project.

JWT was unchanged at $52. WPP, the British marketing group, said on Monday it was prepared to raise its takeover bid to $50½ a share if the advertising group's management negotiated a friendly takeover.

Credit markets traded quietly as bond prices slipped fractionally leaving the 8.75 per cent benchmark Treasury long bond off 1/16 by early afternoon at 103 9/32 yielding 8.45 per cent. Prices had been slightly weaker from the outset because of some profit taking over night abroad after a slight easing of the dollar.

Judging by the markets' ability to weather higher commodities prices, bond traders and investors have laid to rest their recent fears of a flare up of inflation.

The economic data released yesterday had no impact on the market. Housing starts fell slightly more than expected to 1.62m at an annual rate in May from 1.7m in April.

Economic news today includes revisions to first quarter gross national product figures and May industrial capacity utilisation rates.

CANADA

WEAKER base metal shares compounded the broad decline in Toronto share prices which was led on Monday by falling gold stocks.

Nickel stock Inco lost C$¼ to C$23⅞ among the falling non-precious metals. Noranda was C$1 lower at C$28⅛ and Falconbridge C$½ off at C$22.

In golds, International Corona rose C$½ to C$38 but Campbell Red Lake fell a further C$½ to C$35⅝.

Oil issues also eased. Shell Canada lost C$½ to C$45⅝ and Imperial Oil class A gave up C$1 to C$70⅞.

Banks eased. Montreal fell across the board.

SOUTH AFRICA

AN UNCERTAIN session in Johannesburg following Monday's losses took share prices to a mixed close with the gold index edging up 2 to 2,079.

Vaal Reefs picked up R2 to R412 and Southvaal R2.50 to R205.50 but Randfontein lost R1.50 to R428.50.

The mining financials saw Gencor 50 cents lower at R55.50

First National Bank, formerly Barclays, gained R1 to R21.50 on speculation, later confirmed, that it planned to buy Citibank South Africa from its US parent Citicorp.

Industrials were quiet and mixed.

William Dawkins on a new attraction for foreign investors

Debut for Belgian index funds

BELGIUM'S first two stock market index funds were unveiled simultaneously yesterday.

The funds, launched separately by Kredietbank, the country's third largest commercial bank, and Reyers Timmermans, the small Brussels stockbroker, come at a time when the Belgian Stock Exchange is riding high on a wave of corporate optimism.

The general stock market index last year rose by a record 43.5 per cent and the bourse is this year welcoming an unprecedented number of new flotations.

Kredietbank's KB Belgian Index Fund and the Reyers Timmermans counterpart, the Belg-Index fund, will both invest exclusively in Belgian shares and attempt to match the performance of the stock market index. They are both aimed principally at foreign institutional investors.

The Kredietbank fund will consist of the shares of Belgium's 22 largest listed companies, currently representing 75 per cent of the market's total capitalisation. They include names such as the Solvay chemicals group, Petrofina and Kredietbank itself.

There is a 2 per cent entry fee, plus a 1 per cent withdrawal charge and monthly management fees of 1/48 per cent.

Reyers Timmermans, by contrast, are levying a 2,75 per cent front and charge plus a 0,625 per cent annual management fee. The Belg-Index Fund will have a wider exposure than its Kredietbank competitor, to 40 shares accounting for 91 per cent of the market's value.

EUROPE

Dollar propels Frankfurt to a six-week high

MOST equity markets sustained Monday's buoyancy in active trade as the dollar steadied. Some late profit-taking trimmed gains.

Frankfurt climbed further amid selective bargain-hunting. The Commerzbank index of 60 leading stocks rose 22 to 1,805.6, its highest level since May 6. The FAZ closing index was up 7.01 at 598.66.

Financials attracted bargain-hunters and held their gains in widespread later profit-taking as dealers squared their books before two days of holidays.

Deutsche Bank rose DM 14 to DM 594.50 and Commerzbank DM 4 to DM 282.50. Dresdner was DM 4.90 firmer at DM 314.90.

Chemicals finished mixed. Bayer added DM 2.50 to DM 325.50 and Hoechst was DM 4 up at DM 314.90. BASF and Veba both slipped, however, by DM 1 and DM 2.50 to DM 299.50 and DM 312.50 respectively.

Carmakers rose as the dollar steadied above DM 1.80. Daimler added DM 8.80 to DM 1,043 and VW edged 50 pfg higher to DM 384.50. BMW, however, eased DM 1 to DM 640 as profits were taken on Monday's steep rise.

Zurich was higher in busier trade as blue chips advanced in the wake of the stronger dollar.

Banks strengthened. Union Bank bearers picked up SFr 170 to SFr 4,620 and Swiss Bank bearers moved ahead SFr 5 to SFr 429.

LONDON

A FAVOURABLE response to the latest public sector borrowing statistics rescued London equity prices from a sharp fall at mid-session caused, in part, by Mr Robert Maxwell's £630m rights issue.

The FT-SE 100 index closed 1.4 up at a record 2,309.0 while the 30-share FT Ordinary index climbed 7.9 to 1,794.5, also a new high.

Government bonds were tailing off by ½ point until the PSBR statistics turned them around. By the close, gains were around ⅝ for longer maturities. Details Page 42

Crédit Suisse bearers were SFr 25 higher at SFr 3,000.

Brown Boveri kept up its advance with a SFr 60 gain to a further 12-month peak of SFr 2,260.

Brussels moved slightly higher across the market in thin trade. The stock exchange index rose 15.28 to 4,668.59.

Strong local and foreign buying sustained some good recent blue chip gains. Steelmaker Cockerill Sambré picked up BFr 5 to hit a further 12-month high of BFr 182. In the same sector, Arbed rose BFr 60 to BFr1,680. Petrofina, however, fell back BFr 25 to BFr 11,225 in busy trade.

Paris finished mixed as gains spurred by the cut in short-term interest rates and the dollar's stability were pruned by profit-taking.

Sovac was at the centre of the late selling and dipped FFr 22 to FFr 998. OFP was also hit and fell FFr 36 to FFr 1,600.

Construction issues retreated, with Bouygues FFr 20 lower at FFr 1,050.

Export-oriented car shares rose. Electricals weakened.

Amsterdam fell in busy trade dominated by publishing takeover activity.

Kluwer and its "white knight" Wolters Samsom resumed trading after Monday's suspension and the latter was the most active issue in trade of Fl 220m. It fell Fl 2.50 from Friday's close of Fl 137.50, while Kluwer, the second busiest stock, rose Fl 19.50 at Fl 394.50.

Madrid fell in a dull session as dealers awaited the release of May's inflation figures.

Telefonica's good run ended with a 0.25 percentage point dip to 185 per cent.

Stockholm was steady in quiet and featureless trade.

Oslo edged higher in moderate trade as resilient oil prices underpinned the market.

Milan surges after poll

THE ITALIAN election results gave a sharp lift to Milan share prices as investors cheered the blow to the Communist Party and the improvement for the Christian Democrats and Socialists, *Our Markets Staff report.*

The Milan Stock Index (MIB) closed 2.69 per cent higher, the market's biggest gain since September 23, 1986, when the index rose 3.52 per cent.

Analysts said the business community was expecting a revival of the previous five-party coalition despite the bitter political feuds which had led to the election.

Demand was feverish in early trading as foreign and local investors came back in force. Professional speculators were also active at the start of the new trading month. But late profit-taking trimmed gains of many blue chips.

Insurers benefited in particular from the buying spree since the sector is expected to profit from growing demand for pension funds and life insurance. Generali rose L3,375 to L136,075 and Ras L2,650 to L86,650.

IFI, the holding company of the Agnelli family, rallied L1,630, or 6.5 per cent, to L26,430.

Fiat ordinary closed L370 higher at L13,090 lire while Olivetti gained L302 to L13,602.

ASIA

Nikkei hits profit-taking but Hong Kong peaks

TOKYO

HIGH-TECHNOLOGY stocks were the worst hit in a wave of profit-taking which took prices slightly lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.* AIDS-related issues, however, did well.

The Nikkei Average shed 17.58 points to 25,738.86 on late selling after a firmer opening. Volume rose from 796.06m to 1,030.53m shares. Declines outnumbered advances by 491 to 429, with 133 issues unchanged.

High-tech blue-chips opened firmly but slid almost across the board in late trading as the dollar fell towards Y143. These issues gained rapidly last week on the dollar's resurgence.

Despite the pause in the rise of popular international issues, officials at big securities companies consider that they will lead the market up for the time being, aided by the yen's general depreciation and increasing signs of a domestic economic recovery.

Sony Corp weakened Y100 to Y3,780 and Matsushita Electric Industrial Y60 to Y2,000 on volume of 8.54m shares, down nearly 50 per cent from Monday's volume. Honda Motor also eased Y10 to Y1,740. Hitachi Y20 to Y1,110 and Fujitsu Y40 to Y1,100.

Conversely, Sanyo Electric, a laggard in the high-tech sector firmed Y12 to Y510 and was the third busiest stock with 48.68m shares traded. Konsihiroku Photo Industry gained Y17 to Y807.

Stocks related to AIDS drew strong interest. Buying was sparked by news that Ueno Fine Chemicals Industry Ltd., an unlisted pharmaceuticals concern based in Osaka, western Japan, has begun tests in the US of an anti-AIDS agent it has developed.

Stimulated by the strength of those issues, leaders in the AIDS sector rose broadly, with Ajinomoto increasing Y50 to Y3,580, Yamanouchi Pharmaceutical Y160 to Y4,160 and Daiichi Seiyaku Y120 to Y3,200.

Consumer spending-related stocks strengthened, helped by steady consumer spending, with Isetan advancing Y90 to Y1,640

Large-capital steels held steady: Kawasaki Steel headed the active stock list, with 107.99m shares changing hands, rising Y11 to Y280 and Nippon Steel Y2 to Y363.

Bonds plunged in a continuation of the previous day's weakness in late trading, with many dealers keeping a low profile, affected by the sluggish performance of yen bonds on overseas markets overnight.

The yield on the bellwether 5.1 per cent government bond due in June 1996 climbed from Monday's 2.865 per cent finish to 3.035 per cent after registering 2.935 per cent at one stage in the morning.

Investors were concerned that Japan's money supply may have reached high levels in May. After the close, the Bank of Japan announced that the average balance of M2 money supply – cash in circulation and deposits – plus certificates of deposit (CDs) jumped 10.2 per cent in May over a year earlier. This was the first double-digit gain since March 1982 when a 10.5 per cent gain was recorded.

HONG KONG

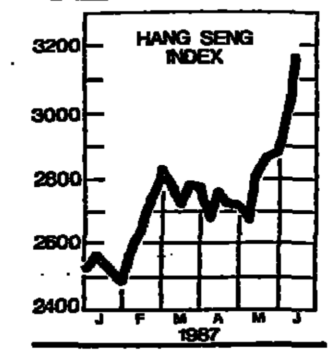
STRONG demand for properties lifted share prices sharply to a fresh record in Hong Kong in heavy turnover worth HK$1.58bn. The Hang Seng index rose 41 to 3,170.88 from its previous high last Friday and the Hong Kong index added 23.56 to 2,046.79.

Institutions moved funds out of utilities into the property sector. Cheung Kong rose 70 cents to HK$13.30 and its affiliate Hutchison Whampoa 50 cents to HK$14.30, both new peaks for the year, amid continued speculation that a takeover in the sector was imminent.

Hongkong Land, the rumoured target, gained 5 cents to HK$7.10, while Wharf was up 10 cents to HK$8.90. Henderson Land rose 10 cents to HK$7 and Hang Lung Development climbed 60 cents to HK$14.80, also highs for the year.

Among mainly weaker utilities, Hongkong Telephone lost 10 cents to HK$14.10 and Hongkong Electric 15 cents to HK$9.65.

HONG KONG



AUSTRALIA

A FALL in local interest rates proved powerless to offset worries about the declining bullion price and Sydney share prices weakened further, with miners leading the way.

The All Ordinaries index lost 10.5 to 1,807.9 and the gold index fell 64.7 points to 3,024.4. Trading picked up a little from Monday, however.

Pioneer Sugar Mills rose 2 cents to A$2.54. Its directors recommended acceptance of a takeover bid from CSR, up 5 cents to A$4 in heavy turnover.

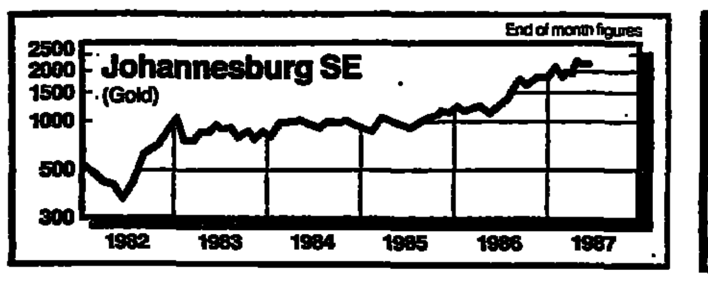
SINGAPORE

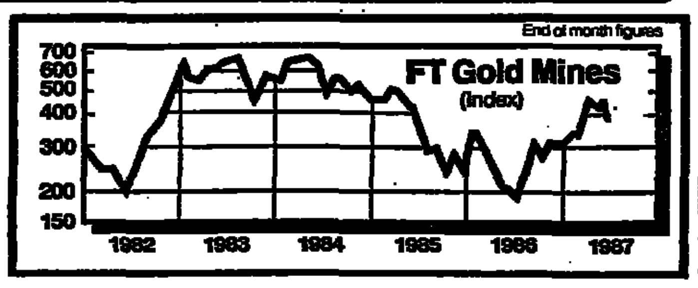
BARGAIN-HUNTING lifted share prices in Singapore after a weak start and the Straits Times industrial index finished 7.19 higher at 1,223.55 in only moderate trading.

Among mixed blue chips, Singapore Airlines eased 10 cents to S$13.20 in the wake of the latest flotation announcement. Fraser and Neave, however, managed a 40-cent rise to S$10.50.

Most activity continued to focus on Malaysian and lower-priced issues, with Tan Chong Motors attracting trade in 2.3m shares and rising 4 cents to S$1.12.

KEY MARKET MONITORS





STOCK MARKET INDICES

	June 16	Prev	Year ago
NEW YORK			
DJ Industrials	2,393.22*	2,386.68	1,871.77
DJ Transport	1,016.71*	1,023.06	786.63
DJ Utilities	202.90*	203.54	186.90
S&P Comp.	303.27*	302.95	246.13
LONDON FT			
Ord	1,794.5	1,786.6	1,326.0
SE 100	2,309.0	2,307.6	1,593.60
A All-share	1,150.71	1,149.72	791.78
A 500	1,279.37	1,281.89	870.20
Gold mines	386.7	386.1	207.0
A Long gilt	8.85	8.89	9.39
World Act. Ind	134.47	134.95	91.31
TOKYO			
Nikkei	25,738.86	25,756.44	17,185.6
Tokyo SE	2,231.13	2,241.08	1,327.87
AUSTRALIA			
All Ord.	1,808.0	1,818.4	1,209.1
Metals & Mins.	1,099.5	1,122.4	592.0
AUSTRIA			
Credit Aktien	182.98	183.60	239.64
BELGIAN SE	4,668.50	4,653.30	3,526.37
CANADA			
Toronto			
Met.& Mins.	2,632.0*	2,671.3	2,184
Composite	3,695.9*	3,716.5	3,072.2
Montreal			
Portfolio	1,853.33*	1,867.20	1,559.51
DENMARK SE			
SE	n/a	211.48	224.68
FRANCE			
CAC Gen	417.20	409.7	347.0
Ind. Tendance	104.30	104.10	81.79
WEST GERMANY			
FAZ-Aktien	598.66	591.65	683.74
Commerzbank	1,805.60	1,783.60	2,085.8
HONG KONG Hang Seng	3,170.88	3,129.88	1,765.65
ITALY Banca Comm.	719.03	700.55	723.64
NETHERLANDS ANP CBS			
Gen	295.00	295.10	291.2
Ind	248.30	247.80	285.7
NORWAY Oslo SE	434.81	433.40	351.31
SINGAPORE Straits Times	1,223.50	1,216.30	709.38
SOUTH AFRICA JSE			
Golds	—	2,077.0	1,188.3
Industrials	—	1,887.0	1,121.9
SPAIN Madrid SE	228.37	229.27	172.08
SWEDEN J & P	2,698.40	2,678	2,432.99
SWITZERLAND Swiss Bank Ind	n/a	n/a	n/a

COMMODITIES (London)

	June 16	Prev
Silver (spot fixing)	467.05p	457.80p
Copper (cash)	£976.0	£975.0
Coffee (July)	£1,266.50	£1,301.50
Oil (Brent Blend)	$18.85	$18.775

GOLD ($/oz)

	June 16	Prev
London	$452.75	$449.75
Zürich	$453.55	$448.75
Paris (fixing)	$448.96	$448.95
Luxembourg	$452.65	$450.40
New York (August)	$451.90	$456.70

CURRENCIES (London)

	US DOLLAR June 16	US DOLLAR Previous	STERLING June 16	STERLING Previous
$	–	–	1.6350	1.6320
DM	1.8260	1.8245	2.9850	2.9775
Yen	144.40	144.75	236.00	236.25
FFr	6.0975	6.0900	9.9700	9.9375
SFr	1.5205	1.5130	2.4850	2.4700
Fl	2.0550	2.0555	3.3600	3.3550
Lira	1,322	1,319	2,161.5	2,152.5
BFr	37.80	37.85	61.80	61.75
C$	1.3410	1.3410	2.1930	2.2000

INTEREST RATES

	June 16	Prev
Euro-currencies (3-month offered rate)		
£	n/a	8[illegible]
SFr	4	3[illegible]
DM	3⅝	3⅝
FFr	8⅝	8⅝
FT London Interbank fixing (offered rate)		
3-month US$	7[illegible]	7⅜
6-month US$	7⅜	7[illegible]
US Fed Funds	6⅞*	6[illegible]
US 3-month CDs	6.80*	6.75
US 3-month T-bills	5.61*	5.63

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
June 16 (June)	93-22	93-30	93-07	93-24
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.91	93.92	93.85	93.93
Certificates of Deposit (IMM) $1m points of 100%				
(June)	n/a	n/a	n/a	93.28
LONDON				
Three-month Eurodollar $1m points of 100%				
(June)	92.51	92.53	92.47	92.62
20-year Notional Gilt £50,000 32nds of 100%				
(June)	126-12	125-27	125-27	125-24

US BONDS

Treasury

	June 16 Price	June 16 Yield	Prev Price	Prev Yield
7¼ 1989	100[illegible]	7.467	100[illegible]	7.47
7 1994	94[illegible]	8.419	93[illegible]	8.18
8½ 1997	101[illegible]	8.301	101[illegible]	8.334
8¾ 2017	102[illegible]	8.488	102[illegible]	8.505

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index June 16	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	June 16 Price	June 16 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.29	6.35	93.41	6.30
SCBT South Central 10⅞ Jan 1993	103	10.17	103	10.16
Phibro Sal 8 April 1996	91.72	9.40	92	9.35
TRW 8⅞ March 1996	97.32	9.20	97.44	9.18
Arco 9⅞ March 2016	103.14	9.56	104.66	9.40
General Motors 8⅝ April 2016	86.07	9.55	86.07	9.55
Citicorp 9⅝ March 2016	92.78	10.15	93.66	10.06

Source: Salomon Brothers

* Latest available figures